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Chairperson: Ms. Ogwu ..... (Nigeria)

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The meeting was called to order at 10.10 a.m.

Statement by the Chairperson

1. **The Chairperson** said that the lesson to be learned from the recent financial turmoil, the global food crisis, soaring energy prices and the effects of climate change was that today's world was more interconnected than ever and that countries could not solve global problems on their own. When tackling such multiple challenges, the international community must stay the course. It must remain committed to achieving the Millennium Development Goals (MDGs) and must not use the financial crisis as an excuse for failing to meet past commitments.

2. The current year was decisive for the achievement of the Millennium Development Goals, not only because it marked the midway point between their adoption and the deadline for their attainment, but also because the international community's response to new challenges would determine whether or not they would be met. She hoped that the Committee would send a strong message that, even though individual countries were affected to varying degrees by the ongoing crises, the international community was determined to work together and tackle issues head on.

3. In particular, the Committee and, later, participants in the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus should send a clear message regarding how to address the impact of the global financial crisis and how to strengthen international financial regulation and supervision mechanisms. The Committee should also call for the full implementation of the Declaration of the High-level Conference on World Food Security held in Rome in June 2008; the resumption and successful completion of the Doha Round; meaningful action at the fourteenth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change, to be held in Poznań, Poland, in December 2008; and the completion of negotiations on a post-2012 climate regime by 2009.

4. She was confident that, by adopting a positive spirit, the Committee would be able to send the world a strong message that it would not waiver. In fact, it would redouble its efforts to ensure that the Millennium Development Goals went beyond a mere aspiration and became a reality for the world's most disadvantaged people.

Statement by the Deputy Secretary-General

5. **Ms. Migiro** (Deputy Secretary-General) said that the current session was taking place at a time of financial turmoil. The global financial crisis affected all economies. A growing number of developing countries were suffering from weakening demand from the major developed economies. Those with current account deficits and a heavy dependency on external financing were also experiencing financial distress. The lethal combination of a credit crunch, declining investor confidence and asset deflation was likely to drag down the world economy. Moreover, the financial crisis was exacerbating the hardship already being caused by higher food and energy prices, particularly in low-income countries. Despite the World Bank's recent announcement that considerable progress had been made in reducing poverty and hunger, efforts to achieve the Millennium Development Goals were clearly at risk. The international community must do its utmost to avert a recession, including through stimulus packages and measures to stabilize financial and foreign exchange markets. In addition, international financial regulation and supervision mechanisms must undergo extensive reforms. The Follow-up International Conference on Financing for Development, to be held in Doha later that year, would provide an opportunity to address the systemic weaknesses exposed by the current turbulence. It must also be used to address international tax cooperation, innovative sources of financing, debt sustainability, aid effectiveness and other elements of the Monterrey Consensus.

6. The achievement of the Millennium Development Goals by 2015 remained the major development challenge. The progress made thus far, though significant, had been uneven. Moreover, as the Millennium Development Goals Gap Task Force had pointed out in its recent report, global partners had yet to deliver fully on their commitments. Nonetheless, the Goals could be achieved by 2015. The High-level Event on the Millennium Development Goals held in September 2008 had generated new political impetus and concrete initiatives and commitments aimed at bridging implementation gaps. Action should now focus on following up on those pledges so that more progress was achieved. The financial crisis must not distract the international community from its efforts in

that regard. The proposed Millennium Development Goals review conference in 2010 would certainly advance that objective.

7. Africa remained the region facing the greatest challenges, particularly against the backdrop of higher food and energy prices and climate change. While some promising results had been seen, such as the reduction in Africa's official debt, commitments remained only partially realized. The Millennium Development Goals Africa Steering Group estimated that it would cost $72 billion per year in external financing to achieve the Goals in Africa by 2015. There was still a need, therefore, to increase official development assistance (ODA), better coordinate aid, reduce agricultural subsidies in developed countries and boost investment in infrastructure.

8. It was clear from the multiple crises facing the international community that delaying action only made matters worse. The international community could not afford to put off investments aimed at increasing agricultural productivity or climate change mitigation and adaptation. Assessments by the Intergovernmental Panel on Climate Change made that very clear. Action on such long-term solutions required not only high-level political engagement but also the involvement of ordinary people: citizens must use moral suasion to induce their Governments to tackle problems with the urgency they demanded.

9. Both she and the Secretary-General were fully committed to strengthening the Organization's development pillar at the current critical juncture. To that end, they hoped that the General Assembly would take action during the current session on the proposals contained in the report of the Secretary-General on improving the effective and efficient delivery of the mandates of development-related activities and revised estimates relating to the programme budget for the biennium 2008-2009 (A/62/708). They also looked forward to working with the Committee on fully mobilizing the United Nations system and its partners so as to advance the development agenda and meet the needs of the world's poorest people. She was confident that the Committee's deliberations would reinvigorate the shared determination to succeed in that task.

Statement by the Under-Secretary-General for Economic and Social Affairs

10. **Mr. Sha** Zukang (Under-Secretary-General for Economic and Social Affairs) said that the protracted financial strains in major developed countries had caused a pronounced downturn in the growth of the world economy. The macroeconomic environment was increasingly unbalanced and vulnerable to shocks and crises. According to current forecasts by the Department of Economic and Social Affairs, global economic growth could fall below 2 per cent in 2008. The prospects for the world economy in 2009 remained worrisome; the outlook might even be worse than it had been for 2008.

11. Combined with higher food and fuel prices, the projected global slowdown would threaten gains made towards the Millennium Development Goals and prospects for further progress. The recent report by the Millennium Development Goals Gap Task Force highlighted the extent to which Member States were failing to deliver on their commitments to the global partnerships in support of those Goals. The fear was that aid, trade and debt relief would become hostage to the overall gloom. Developing countries would face increasing difficulties in bringing prosperity to their people. At the same time, widening income gaps in developed and developing countries had raised concerns about the social consensus on which stable economic and political relationships ultimately depended. Such concerns were wrapped up in a rising tide of economic insecurity, linked to a growing number of downside income and welfare risks.

12. The Committee should use its various resolutions to address current systemic challenges. In particular, it should send a clear message that the creative forces of the market economy must be coupled with a more inclusive social contract. Already, there were growing calls for global economic governance and the international financial architecture to undergo fundamental reforms, so as to ensure that the financial system was more effective in supporting sustained economic growth in an equitable fashion. That required a new policy approach, including more effective regulations, particularly in financial markets; more effective counter-cyclical institutions and policies; improved risk monitoring and crisis management better suited to the realities of global financial integration; and more universal social policies, including redistribution measures. While each country should adopt the specific policy mix best suited to its national conditions, economic security could not be guaranteed by countries acting alone. Multilateral forums must be strengthened and more timely and effective collective action promoted.

13. The Committee should coordinate its work with the preparatory process for the Follow-up International Conference on Financing for Development to be held in Doha in less than two months. It was essential to build on the momentum generated by the High-level Event on the Millennium Development Goals held in September, strengthen delivery on existing commitments and reach agreement on the way forward.

14. The year 2008 marked the beginning of the Second United Nations Decade for the Eradication of Poverty. Global poverty reduction at the end of the First Decade had been largely due to success in a few parts of the world. For the Second Decade to be effective, it was important to promote broad and inclusive national development strategies that addressed poverty in all its dimensions, in all countries.

15. The Committee could play a pivotal role in placing public health issues in the broader economic, social and environmental context. Resolutions relating to development issues could be used to strengthen the linkages between health and those dimensions of development in a globalizing world, thereby setting the stage for the work planned by the President of the General Assembly and the Secretary-General on that front and strengthening the foundation for the 2009 Annual Ministerial Review, which would focus on the theme of "Implementing the internationally agreed goals and commitments in regard to global public health".

16. Climate change remained a grave concern and affected development prospects in many ways. It was important to meet the financing challenges of climate change mitigation and adaptation fairly and effectively and to design effective mitigation and adaptation strategies compatible with efforts to address other major challenges. To tackle climate change required not only an in-depth technological revolution, but also a revolution in values, so that public policy was placed firmly behind the shared concern for equity. Consequently, all countries should have the financial means and the technologies required to lower their greenhouse gas emissions. The Committee could send a strong message in favour of the successful negotiation of an equitable yet effective agreement and feasible and viable solutions.

17. More attention should be paid to countries with special needs. While he welcomed the recent High-level Meeting on Africa's Development Needs and High-level Meeting devoted to the midterm review of the Almaty Programme of Action, much more needed to be done to assist the least developed countries, landlocked developing countries and small island developing States in reducing their vulnerability to the vicissitudes of markets and of nature. The current session should build on the outcomes of those meetings and inject new vigour into efforts to address the challenges facing such countries.

18. Lastly, the current session provided an opportunity to strengthen the development pillar and the link between that pillar and the Organization's other pillars. To support and accelerate the implementation of the development agenda and the response to new challenges, the Department of Economic and Social Affairs would continue to advance a more integrated and strategic approach to mobilizing expertise both within and outside the Organization. The Department stood ready to support the Committee in its work. He was confident that the Committee would provide clear and effective guidance. All sides must work together to deliver on the development agenda.

Keynote address by Professor Ricardo Hausmann, Director of the Center for International Development at Harvard University and Professor of the Practice of Economic Development at the John F. Kennedy School of Government

19. **Mr. Hausmann**, accompanying his statement with a computerized slide presentation, said that he wished to focus on why it was so hard for developing countries to make progress. Global inequality was huge. Income per capita was over 50 times higher in the United States than in Malawi, Burundi, the Democratic Republic of the Congo, the United Republic of Tanzania, the Niger, Sierra Leone and Guinea-Bissau, while life expectancy was twice as high in Japan, Australia and Norway as in Angola, the Central African Republic, Mozambique and Zambia. Varying growth rates over an extended period of time were the single factor behind such discrepancies.

20. After a long absence, the issue of growth was back on the international agenda. Growth was important because it accumulated over time. According to the rule of 69, the time needed to double income could be calculated by dividing 69 by the growth rate. A growth rate of 1 per cent resulted in an income

doubling time of 69 years, a parent-to-child increase of 28 per cent and a grandparent-to-grandchild increase of 1.64; a growth rate of 8 per cent, meanwhile, resulted in an income doubling time of 8.6 years, a parent-to-child increase of 585 per cent and a grandparent-to-grandchild increase of 46.9. To look at it another way, if two countries started with the same income level but diverged in growth rates by 6 per cent each year, after 50 years — or two generations — one country would be 18.4 times richer than the other. Most countries had experienced positive growth in the past 25 years; a few, however, had experienced negative growth.

21. Global inequality was a recent phenomenon. When Adam Smith had written "An Inquiry into the Nature and Causes of the Wealth of Nations" in the 1700s, the per capita income of the richest country in the world (the Netherlands) had been about four times that of the poorest country in the world (Nepal). Today, Malawi, Burundi and the Democratic Republic of the Congo were the poorest countries, with a per capita income of about $700 at purchasing power parity; if wealth were distributed equally, the entire population of those countries would live below the poverty line. Bolivia, Viet Nam and Lesotho were four times richer, with a per capita income of about $2,800. The Russian Federation, Malaysia and South Africa were four times richer than those countries, with a per capita income of about $11,000. Norway and the United States of America were four times richer again, with a per capita income of $44,000. Today, the Netherlands was 21 times richer than Nepal.

22. Growth was also a relatively recent phenomenon. Indeed, the world had begun to experience sustained growth only in the past 200 years. Growth had not occurred simultaneously in all regions. It had been experienced first in Europe and its offshoots in the nineteenth century, but had not occurred elsewhere until later. The difference between countries and regions had been much smaller in 1820 than today.

23. He disagreed with those who blamed imperialism for such differences. Spanish colonialism between 1500 and 1800 had not boosted Spain's income per capita and Latin American countries had not caught up following their independence in the 1820s. Africa, meanwhile, had fallen behind both before the scramble of the 1890s and after independence. Moreover, some countries that had never been colonized had fallen behind, some countries that had never had colonies had become rich, and some Caribbean countries that had become independent had fallen behind others that were still dependent today. Growth rates also varied significantly within formerly colonized regions.

24. In 1820, income per capita had been 2.9 times higher in Western Europe than in Africa. Today, it was about 13.1 times higher. However, the growth rate differential between the two regions during the intervening period had been a mere 0.9 per cent.

25. The transition to modern growth was a complicated process. Usually, fertility and mortality rates fell, while urbanization, education, technology and exports increased. Growth rates varied from country to country. Some countries had yet to experience a demographic transition; others faced different challenges. No developed countries had experienced their highest gross domestic product (GDP) per capita before 2000. However, almost 60 per cent of developing countries for which data was available since 1980 had. Consequently, many developing countries had experienced a generation of negative growth. Most growth collapses had coincided with export collapses, which were typically larger than output collapses.

26. Countries became richer not by producing and exporting more of the same goods, but rather by changing their exports over time. There was also strong evidence that countries converged to the level of income of the countries with which they competed; sophistication of products was therefore critically important.

27. Offering the analogy of a forest where trees were products and monkeys, firms, he said that growth involved a structural transformation whereby monkeys moved from the poor section to the rich section of the forest. It was important to note that monkeys found it easier to jump short distances, in other words, that firms found it easier to switch to new products that required capabilities similar to those they were already producing. A firm's starting point was irrelevant; what mattered was the density of the forest, or product space, as it determined the firm's ease of movement to new products.

28. Firms in different countries faced varying degrees of opportunity to move from one product or industry to another, depending on their position. It was clear that a one-size-fits-all approach could not work.

29. Poor countries had difficulty catching up with rich countries, because typically there was no sequence of trees, or products, to enable them to access the denser parts of the forest, or product space. Where a sequence was available, the world had witnessed explosive growth, such as in East Asia. Inferior performance by resource-rich countries was caused by poor connectedness of resource-intensive sectors with resources or specialized skills that were not easily redeployed in other sectors. Countries fell into protracted slumps when their existing export products stagnated because they were unable to move to other sectors. It was therefore important for countries venturing into new industries to focus on transferable capabilities, rather than on adding value to limited raw materials.

30. Government and good public policy were key to helping economies grow. Public and private inputs were deeply complementary; however, while private inputs were relatively easy to harness, given existing profitability and incentive systems, public inputs were more difficult to adapt to the specific needs of production. Governments therefore had to structure an evolving system, remaining open and aware of opportunities and obstacles specific to their country's situation.

31. **Mr. Weisleder** (Costa Rica), continuing the previous analogy, said that developing countries faced the problem of other monkeys having already taken over certain trees and of some monkeys being more agile than others in jumping from one tree to another. How were new monkeys supposed to take over a new section of forest?

32. **Mr. Hausmann** said that empirically, it had been found that when a poor country developed the capacity to compete in a rich-country market, it was initially due to a comparative advantage in terms of salaries. In a relatively open market, therefore, developing countries should be able to enter the market and grow. A major obstacle facing such countries was the heavy protectionism of rich countries; it was therefore critical for the Doha Round to succeed in helping to open up markets to developing countries.

33. **Mr. Zainal Abidin** (Malaysia), recalling Malaysia's export-focused policy in the 1960s, when it was relatively easy for developing countries to enter the world market, asked whether it was too late for developing countries to do the same in the current world market. He also wished to know which cultural aspects, if any, were likely to enable countries to progress economically.

34. **Mr. Lorenzo** (Dominican Republic) said that oil speculation was a major concern for the world economy as well as for climate change. A copy of a letter addressed to the President of Parliamentarians for Global Action, which discussed the outcome of a meeting on oil speculation that had taken place in the Dominican Republic, would be forwarded to the Chairperson for circulation during the General Assembly. To achieve the Millennium Development Goals, it was necessary to sustain a rapid growth rate, build basic infrastructure, find a solution to the energy crisis and renew global commitment to the rural economies of poor countries. Trade was vital as an engine of growth and developing countries would not be able to meet the Goals without a timely and satisfactory outcome of the Doha Development Agenda. Given the oil and financial crises, he wondered what prospects there were for developing countries to achieve competitiveness.

35. **Mr. Blake** (Antigua and Barbuda) asked whether the radical changes made to international trade rules in 1994 had facilitated or impeded movement across industries, especially in developing countries.

36. **Mr. Hausmann**, replying to the representative of Malaysia, said that culture, as the way society represented its own reality and future, was not static, but dynamic. Nevertheless, if he were to choose three characteristics or outcomes for sustained economic and social growth, they would be: trust between members of society; a perception of personal responsibility in each individual's own future; and a positive attitude towards innovation. It was not too late for developing countries to enter the increasingly crowded global market using export-oriented policy, as evidenced by China, which had achieved a 20 per cent growth rate when global growth stood at a mere 6 per cent. New industries, such as biotechnology, also held much promise.

37. Replying to the question posed by the representative of the Dominican Republic, he said that the financial and oil crises were the consequences of a world economy that had grown beyond a sustainable rate for too long. Growth had been based on the accumulation of imbalances, including the real estate bubble and a large current account deficit in the United

States. Now that the United States was going to be forced to spend less, the world market would have to make certain adjustments. The role of policy was thus very important: countries with surpluses should adopt an expansionary policy, using surpluses to buy more goods abroad and keeping their markets open. Coordination of adjustments would also be crucial.

38. Turning to the comments by the representative of Antigua and Barbuda, he said that in the past, it had been impossible to discuss industrial policy without being labelled as irresponsible. That was changing, as the focus returned to productivity and competitiveness on the world market, rather than on the domestic markets. Government played an important role in the process and must use the right channels to influence policy.

39. It was regrettable that the Millennium Development Goals did not include a specific Goal for growth, which would have facilitated the achievement of the other Goals. The tremendous population growth seen in Africa had led to a steady decline in the land-to-labour ratio. Little was being done to facilitate the generation of jobs outside of agriculture, even though they were critically needed for growth.

40. **Mr. Qobo** (South Africa) said that, though there was no disputing the fact that growth was good for the economy, the real challenge was to come up with policies that would aid development. He wondered what policies Mr. Hausmann would recommend in that regard. Secondly, he wished to know how Mr. Hausmann viewed the erosion of the bargaining position of developing countries in the current financial climate.

41. **Mr. Leroy** (Belgium) said that, according to the metaphor used by Mr. Hausmann, African countries had made less progress because the trees were farther apart. He wondered whether, 30 years earlier, the trees had been as far apart in China as they currently were in Africa.

42. **Mr. Martirosyan** (Armenia) asked whether Mr. Hausmann saw any difference between Spanish and British colonization as far as the performance of former colonies was concerned.

43. **Mr. Alim** (Bangladesh) said that growth was, of course, crucial; the question was how it should be achieved. Mr. Hausmann had suggested that developing countries should focus more on exports, and specifically on exports of sophisticated products. That, however, was not easy for developing countries. Various restrictions were in place, imposed by the richer countries, and market distortions had developed. A greater degree of reciprocity was required. Secondly, he recalled that, theoretically, market liberalization was to have led to a capital inflow to developing countries. He would be glad to hear Mr. Hausmann's views on the paradox that capital was, on the contrary, flowing from developing to developed countries.

44. **Mr. Hausmann** said that, in his view, the problem in South Africa was undoubtedly that — for a number of complicated reasons — growth had been limited over a long period of time, and what growth there had been was not based on exports. The result was high unemployment and high levels of inequality. He agreed that developing countries had been sidelined in international negotiations. Further investment should be promoted and countries should be allowed greater flexibility in addressing the challenges that they faced.

45. With regard to the point raised by the representative of Belgium, he noted that significant progress had been made. Sophisticated telecommunication equipment, for example, was assembled in poor countries using components provided by richer countries. The higher the price of energy, the more sense it made to concentrate production where the resources were to be found. In that way, both parties benefited. With the right leadership, there was enormous potential for poor countries to benefit still further.

46. As for the differences in performance of former Spanish and British colonies, it was notable that Canada and Australia — former British colonies — had fared no worse than the United States, which had been independent for far longer. Growth rates did not differ markedly among African countries that had been colonized by different imperial powers. Of far greater importance was the capacity to mobilize a society and make full use of new technologies.

47. With regard to the issues raised by the representative of Bangladesh, he said that some of the problems faced by developing countries were caused by their own policies. The fact was that exports were crucial to growth, although why that was the case was still a mystery. Countries should build on their existing structures and extend them further. Colombia, for example, had seen enormous growth in its coffee industry, because it had moved beyond its domestic

market. As for the effects of capital flow, he noted that, among large countries, China's growth rates were unparalleled over the past 25 years. They were over 2 per cent higher than the next highest rate, enjoyed by the Republic of Korea. Its growth had, moreover, been achieved without imported capital, although it had benefited from other components of foreign direct investment.

The meeting was suspended at 12.05 p.m. and resumed at 12.15 p.m.

General debate

48. **The Chairperson** invited the Committee to begin its general debate.

49. **Mr. Ashe** (Antigua and Barbuda), speaking on behalf of the Group of 77 and China, said that the United Nations had a responsibility, in the current global political climate, to focus its attention on development. The Group of 77 and China had long warned that current patterns were unsustainable. Enormous imbalances in the financial system were evidenced by a chasm between developed and developing countries and between the rich and the poor. Renewable and non-renewable natural resources were being depleted and production and consumption systems were built on waste and avarice. The most vulnerable countries were marginalized, and global governance frameworks had lost their legitimacy and relevance.

50. Although such imbalances had been the subject of policy studies and reports, the international community had chosen to ignore them. They were treated as though they were amenable to resolution through financial and technical assistance and changes in policy and behaviour by the developing countries. Moreover, the international community had failed to meet its commitment to provide 0.7 per cent of the gross national income (GNI) of the developed countries to assist growth and development in the developing countries generally, and 0.15 per cent to 0.2 per cent in the least developed countries; to reduce debt burdens, especially in the least developed countries and African countries; to create a development-oriented international trading environment; to establish coherency and consistency in the international monetary, financial and trading systems; to implement a global partnership for development; to provide access to advanced technology in key areas of development; or to establish targets for the reduction of greenhouse gas emissions.

51. Over the past few months, the world had been in the grip of multiple, interrelated crises: an economic and financial crisis, originating in the most developed, most sophisticated and largest economy; a food and energy crisis arising from the demand, rather than the production side; an environmental and climate change crisis; and a global governance and institutional crisis. All those crises were urgent and needed to be resolved simultaneously; yet there was no framework for doing so. As the President of the General Assembly had said, the only way to alleviate the suffering of the world's poor was to create a sound international economic system. The United Nations, and specifically the Second Committee, had a pivotal task in that regard. Leaders who had addressed the current session of the General Assembly had made it clear that they expected action on long-standing commitments.

52. The agenda of the general segment contained a number of items of critical importance, including macroeconomic policy; liberalization and interdependence; sustainable development; the eradication of poverty; information and communication technology for development; the implementation of the outcome of the International Conference on Financing for Development and of the United Nations Conference on Human Settlements; and the treatment of groups of countries in special conditions. He also drew attention to the climate change conferences to be held in Poznań, Poland, in 2008 and Copenhagen, Denmark, in 2009. The Committee had ample opportunity to address the critical challenges confronting the international economy. It must rise to those challenges.

53. **Mr. Delacroix** (France), speaking on behalf of the European Union; the candidate countries Croatia, the former Yugoslav Republic of Macedonia and Turkey; the stabilization and association process countries Albania, Bosnia and Herzegovina, Montenegro and Serbia; and, in addition, Armenia, Republic of Moldova, and Ukraine, said that the work of the Committee took on special importance in a context of climate change, rising food and energy prices and, particularly, the crisis in the financial markets, which highlighted the need to overhaul the international financial system. Nevertheless, the positive outcomes of recent high-level meetings — including the first meeting of the Development Cooperation Forum, the twelfth session of the United

Nations Conference on Trade and Development (UNCTAD) and the two special events held during the general debate of the plenary Assembly — should also be taken into account.

54. Determined to do their part in the implementation of internationally agreed development goals, including the Millennium Development Goals (MDGs), the European Heads of State and Government had recently adopted the Agenda for Action establishing intermediary stages to be reached by 2010. The Agenda provided examples of priority European Union actions and indicated how increased European aid could result in measurable progress on the ground. The European Union would make every effort to help the international community comply with its commitments, particularly in sub-Saharan Africa.

55. Given the immense importance of the Follow-up International Conference on Financing for Development, the Committee's work should complement negotiations on its outcome document and efforts should be focused on preparations for it.

56. He called for increased efforts to combat climate change, which affected the ability of States to achieve their environmental, economic and social objectives, and had an impact on peace and security. The European Union had put climate change at the top of its agenda and the adoption of the climate and energy package was one of the priorities of the French Presidency of the European Union. The momentum achieved at the thirteenth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (Bali Climate Change Conference) with the agreement to start negotiations to define a new post-2012 global agreement should be maintained in Poznań and Copenhagen. Increased cooperation was needed to exploit the synergies between climate change and other closely related threats to the environment and sustainable development, such as desertification, deforestation, and the ensuing loss of biodiversity.

57. Recognizing the progress achieved in streamlining the system's operational activities for development with the adoption of General Assembly resolution 62/208 on the triennial comprehensive policy review, he expressed the hope that deliberations in 2008 would help consolidate the achievements made thus far within the framework of General Assembly resolution 62/277 on system-wide coherence.

58. The European Union fully endorsed the proposals to improve the working methods of the Second Committee. It hoped the Committee would continue to streamline its agenda and produce fewer, more concise and substantial resolutions designed to enrich the quality of the Committee's work.

59. **Ms. Jahan** (Bangladesh), speaking on behalf of the least developed countries, said that the current financial crisis represented globalization at its worst because, owing to extensive cross-border linkages, it posed high risks to almost all countries. It was the result of regulatory failure to guard against excessive risk-taking in the financial system of industrialized countries and required a systemic solution.

60. Food and grain prices had surged to record highs and making food available to all at affordable prices remained a major challenge. The international community must address the measures that distorted the markets, including the subsidies and tariffs of developed countries, and the restrictive measures of food-exporting countries. Increased support to the agricultural sector of the least developed countries was critically important and the creation of a global food bank was imperative.

61. The particular needs of the least developed countries were overlooked in the search for global policy solutions to climate change. The international community needed to reach a decision on emission reduction and the post-2012 agreement should include legally binding commitments to provide assistance to the least developed countries, particularly the low-lying ones, beyond official development assistance (ODA).

62. Addressing extreme poverty remained a challenge. Earlier estimates of the number of people living in extreme poverty had recently been increased by over 50 per cent, and the number would continue to rise, particularly since the World Bank had altered its definition of global poverty by increasing the benchmark from $1 to $1.25 a day; the United Nations should review its current policy accordingly.

63. The possibility of achieving the Millennium Development Goals by 2015 was growing bleaker. Developing countries continued to transfer their financial resources to developed economies and a fundamental reform of the international reserve system was needed to address the systemic imbalance. The collapse of the Doha Round was a major setback for

the multilateral trading system. Political will was required in order to complete the Round successfully and implement its development agenda, which included duty- and quota-free market access and support for productive capacity-building for the least developed countries. The industrialized countries were still falling short of their commitment to contribute 0.7 per cent of GNI to ODA, an issue that should be addressed at the Follow-up International Conference on Financing for Development.

64. The countries she represented also believed that the governance regime of the Bretton Woods institutions should be changed through fundamental reform of their voting system and accountability structures, attaching special importance to ensuring a voice for the least developed countries in setting the new quota formula.

65. While the Multilateral Debt Relief Initiative (MDRI) was very welcome, piecemeal approaches would not yield effective results. All least developed countries should be eligible for multilateral and bilateral debt write-offs and have access to energy and modern eco-friendly technologies at an affordable cost in order to achieve the Millennium Development Goals and other internationally agreed development goals.

66. In conclusion, she hoped that Member States would extend their full support to making the fourth United Nations Conference on the Least Developed Countries a success.

67. **Mr. Hackett** (Barbados), speaking on behalf of the Caribbean Community (CARICOM), said that developing countries, particularly the smallest and most vulnerable, would undoubtedly bear the brunt of the costs associated with the global financial crisis which, compounded by the global food crisis and the rise in oil prices, threatened to reverse their recent development gains. The small size and openness of the CARICOM economies made them highly vulnerable to the vagaries of the global economy, and the instability of the international financial system would have negative effects on key economic sectors in the Caribbean region, such as tourism. Comprehensive and lasting measures that took into account the concerns and interests of all developing countries were urgently needed.

68. Reform of the global economic and financial system should be a priority for the entire international community, including the governance structure of the international financial system, which was too exclusive and lacked appropriate institutions. The United Nations and, particularly, the Economic and Social Council, had a leading role to play in promoting improved global economic governance. The Follow-up International Conference on Financing for Development should address issues of concern to middle-income developing countries, including debt sustainability, trade and development cooperation.

69. Based on the inappropriate application of criteria such as per capita income, many of the CARICOM member States were no longer eligible to receive concessionary financing. Forced to seek development financing on the global capital markets on unfavourable terms, they feared dramatic increases in their debt burden, which would impede their economic growth and the region's ability to achieve the internationally agreed development goals, including the Millennium Development Goals. The international community should recognize the CARICOM countries' small, vulnerable highly indebted middle-income developing countries that deserved special debt relief measures.

70. Furthermore, the World Trade Organization (WTO) should intensify efforts to reach a new global agreement on trade that accorded top priority to the needs and interests of developing countries, since trade was an important mechanism for eradicating poverty and achieving the Millennium Development Goals and other development goals.

71. The 2008 Atlantic hurricane season had been particularly devastating for the small island developing States of the Caribbean and increased efforts by the international community to provide timely humanitarian and reconstruction assistance would be appreciated. The Caribbean region's vulnerability to climate change-related natural disasters highlighted the need for urgent comprehensive action at the global level to reduce greenhouse gas emissions and provide new, easily accessible financing for adaptation.

72. The protection and preservation of the Caribbean Sea remained a major priority for the region. CARICOM would again seek international support for the resolution on that issue, and for the designation of the Caribbean Sea as a special area in the context of sustainable development.

73. **Mr. Natalegawa** (Indonesia), speaking on behalf of the Association of Southeast Asian Nations

(ASEAN), said that, unlike the financial crisis that most ASEAN members had experienced in 1997-1998, the current crisis originated at the centre of the system and its effects were therefore being felt throughout the world, with the potential to result in a global recession.

74. The Second Committee should ensure that it addressed the issues on its agenda in such a way as to help craft meaningful solutions to the current crises and overall global economic situation. In that context, the message from the world's leaders during the general debate was clear: there was need for a stronger United Nations that played a visible role in addressing the current problems. In particular, progress was essential on three issues related to the work of the Second Committee. First, the forthcoming review of the Monterrey Consensus should be used to re-energize the spirit of partnership and solidarity to provide financing for the internationally agreed development goals. The draft outcome document for the Follow-up International Conference on Financing for Development should provide a good basis for starting negotiations. Second, the failure to reach agreement on the Doha Development Agenda had resulted in a serious setback to development and the United Nations should encourage WTO members to return to the negotiating table and focus on development issues. In addition, ASEAN emphasized the importance of facilitating membership of all developing countries, in particular, the least developed countries, in WTO. Third, the Committee should ensure that the process to address climate change remained on track and on time. ASEAN had implemented initiatives in a broad range of sectors to address the problem, including the promotion of sustainable forest management and measures to control greenhouse gas emissions.

75. The work of the Second Committee should be in line with the overarching themes of the sixty-third General Assembly, namely the impact of the global food crisis on poverty and hunger, as well as the need to democratize the United Nations. Based on its own experience, ASEAN underscored the significance of partnership and solidarity in the work of the Committee.

76. Despite the current crisis, which could affect the achievement of the Millennium Development Goals, life continued after 2015 and development was a never-ending process that called for sustained global partnership and solidarity.

The meeting rose at 1.10 p.m.

United Nations A/C.2/63/SR.3

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Second Committee

Summary record of the 3rd meeting
Held at Headquarters, New York, on Monday, 6 October 2008, at 3 p.m.

Chairperson: Ms. Ogwu (Nigeria)
later: Mr. Metelitsa (Vice-Chairperson) (Belarus)

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General debate (*continued*)

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08-53588 (E)

The meeting was called to order at 3.05 p.m.

General debate (*continued*)

1. **Mr. Sumi** (Japan) said that rising food and fuel prices were endangering the lives of the world's poor and that the recent turmoil in the financial sector had the potential to cause a worldwide economic downturn. Japan was eager to share its experience and knowledge with a view to finding a solution to the current global economic problems. In practical terms, it had already agreed to provide assistance totalling approximately $1.1 billion in food aid and technical assistance to developing countries, particularly in Africa.

2. The High-level Event on the Millennium Development Goals, held on 25 September 2008, had sent a strong message about the need to remain on track towards the achievement of the Goals. Japan itself had placed the Goals at the top of its agenda, both at the Fourth Tokyo International Conference on African Development and at the recent G-8 Summit.

3. The key to ensuring effective delivery of the assistance required to meet the Goals was human security, a concept which involved both a multisectoral approach and a participatory approach. In order to further enhance human security, Japan had pledged an additional $560 million to the Global Fund to Fight AIDS, Tuberculosis and Malaria in the coming years and was also determined to step up its efforts to improve water cycle management in the developing world.

4. Despite their increasing economic growth and political stability, developing countries in Africa still faced major obstacles to achievement of the Goals. His country therefore stood ready to work with Member States and relevant agencies to help those countries overcome their challenges, particularly by promoting national ownership of development efforts, including efforts designed to accelerate broad-based economic growth, to ensure human security and to tackle climate change. To that end, it was essential to make full use of the resources and expertise of all United Nations agencies, particularly through system-wide coherence. While good progress had already been made, more efforts were required to deliver United Nations services to the people and communities in need as effectively as possible.

5. Japan was committed to performing a leadership role in the efforts to address climate change and, to that end, had established a $10 billion financial mechanism, known as the "Cool Earth Partnership". In addition to providing assistance to developing countries suffering from the adverse impact of climate change, Japan was also assisting developing countries that pursued economic growth policies compatible with emissions reduction. His delegation hoped that the Committee's deliberations would also play a catalytic role aimed at ensuring the success of the negotiations under the United Nations Framework Convention on Climate Change.

6. **Mr. McMahan** (United States of America) said that the current financial market turmoil could affect economic growth worldwide. The world was facing higher fuel and food prices, with the latter leading to a rise in food insecurity in a number of countries. It would now be necessary to bolster the development efforts of a number of developing countries in order for them to reach their development goals.

7. Despite ongoing attempts to move the Doha Round forward, the parties had still not reached an agreement. The forthcoming Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus would require intensive negotiations and a constructive dialogue in order for a consensus to be achieved.

8. The adoption in December 2007 of the Bali Action Plan by the Conference of the Parties to the United Nations Framework Convention on Climate Change had opened an optimistic and ambitious new chapter in the efforts to combat climate change. His delegation looked forward to a positive outcome from the negotiations at the session of the Conference of the Parties, to be held in Poznan in December 2008. Such an outcome must be environmentally effective and economically stable while also addressing all the elements in the Bali Action Plan.

9. In the current interdependent economic environment, any effective solution to global problems required the relevant stakeholders at all levels to do their part. In the multilateral system, efforts should be redoubled to reach an ambitious agreement at the Doha Round. It was also important to ensure a successful Follow-up International Conference on Financing for Development that outlined the progress made, identified areas where more effort was needed and preserved the spirit of the Monterrey Consensus.

10. At the national level, countries needed to work even harder to create an enabling environment for sustained economic growth. His Government had taken unprecedented steps in recent weeks to stabilize the financial sector in the United States and was also debating the issue of appropriate regulatory reform to ensure long-term stability. The key challenge for many developing countries was to build on the reforms already in place in order to improve their business climates, reduce macroeconomic distortions and increase investment spending. A commitment to improving good governance was also critical.

11. Both developed and developing countries needed to act to advance development. Greater cooperation among them was also necessary to improve aid effectiveness, which was crucial to the success of development efforts. The United States valued partnerships with developing countries, as demonstrated by the President's Emergency Plan for AIDS Relief, which would provide $48 billion over five years. Non-State actors also had a role to play in providing development assistance: foundations had become major foreign assistance partners and needed to be better integrated into the global system, while civil society needed to ensure that dissenting and underrepresented voices were heard.

12. The multilateral system could succeed provided that all countries worked together in a spirit of compromise. There were many reasons for optimism: member countries of the Paris Declaration on Aid Effectiveness had recently concluded an important agreement in Accra; all parties were actively engaged in the financing for development review process and were committed to increasing access to the promise of the Monterrey Consensus; the ministerial process in the World Trade Organization (WTO) was continuing with a sense of urgency; positive progress was being made in the current negotiations under the United Nations Framework Convention on Climate Change; the United States and other donors had addressed food insecurity through a variety of processes; and successful high-level events had recently been held on Africa and on the Millennium Development Goals. The United States was committed to all those processes and his delegation believed that the Committee, in a genuine spirit of partnership and consensus, could make a positive contribution to addressing the global challenges ahead.

13. **Mr. Mansour** (Tunisia) said that there was general agreement among the international community that climate change and the food, financial and energy crises threatened to undermine past and future development gains; that development promoted balance and stability, since poverty was one of the root causes of global instability and tension; and that, despite some progress, the implementation of the international development agenda continued to be inadequate. What was required by the international community was therefore the necessary political will and adherence to the principle of human solidarity.

14. The current food and energy crises would require coordinated international action in the short-, medium- and long-term. Immediate needs had already taken precedence over medium-term plans and priorities had been redefined in line with the new socio-economic situation. The crisis would therefore clearly have an impact on the achievement of the Millennium Development Goals.

15. His delegation welcomed the proposal of the Secretary-General to hold a summit on the Goals in 2010, reflecting the limited results achieved to date and the need to mobilize the international community to do more. It also joined other delegations in calling for a follow-up mechanism to evaluate the implementation of the commitments made at the High-level Meeting on Africa's Development Needs, including those contained in the Ministerial Declaration adopted at the closure of the meeting.

16. The Follow-up International Conference on Financing for Development provided an opportunity for the international community to take stock of the current situation, to agree on the measures to be taken and to explore other avenues for action. His delegation supported the idea of establishing a United Nations mechanism to monitor implementation of the Monterrey commitments, following jointly agreed procedures. The Follow-up International Conference on Financing for Development should be a true turning point, consolidating achievements and creating new momentum in the process of financing for development.

17. Official development assistance (ODA) was the driving force behind any strategy for mobilizing national financial resources. However, despite the commitment of many countries to provide 0.7 per cent of their gross national product for ODA, the fall in

ODA in recent years threatened to further hamper progress towards the Millennium Development Goals. Innovative sources of financing should complement and not replace ODA. In that context, the World Solidarity Fund established by the General Assembly in 2002 should be made operational.

18. Measures to combat climate change should be integrated into both national development strategies and any international approaches to financing for development. The United Nations Framework Convention on Climate Change should continue to be the main forum for climate change negotiations, and financing and technology transfer should continue to be central issues. It was important to diversify and increase sources of financing for the Adaptation Fund. However, measures to combat climate change should not have an adverse impact on development goals and the principle of common but differentiated responsibilities should remain the basis of the Framework Convention.

19. The digital divide continued to reflect an ever-widening social and technology gap. To bridge that gap, the international community should follow up the conclusions reached in the second phase of the World Summit on the Information Society, held in Tunis from 16 to 18 November 2005, with a view to establishing an open, balanced and development-oriented information society.

20. *Mr. Metelitsa (Belarus), Vice-Chairperson took the Chair.*

21. **Mr. Tarragô** (Brazil) said that there had been a significant deterioration in the global economic outlook since the previous year. The unprecedented rise in world food and energy prices had been followed by the worst financial crisis since the 1930s, which risked turning into a worldwide economic recession. Developed and developing countries alike must therefore take steps to mitigate the most harmful effects of the crisis, particularly in the most vulnerable parts of the world.

22. Some of the institutions affected by the current crisis held prestigious positions and had taken on quasi-governmental roles, such as analysing, rating and assessing the fundamentals of entire economies. As unregulated institutions, they had adopted such dubious lending practice that default or Government-sponsored bailout schemes had been the only recourse. Given the gravity of the situation, a high-level debate to review the international financial architecture and to re-examine global economic governance structures might now prove useful. The Economic and Social Council should also carry out its mandated role as part of the collective efforts to address the crisis.

23. The international community must strive to protect its financing for development commitments from the worst effects of the crisis. In that context, the Follow-up International Conference on Financing for Development would be an important occasion not only to reaffirm the Monterrey Consensus, but also to adopt an enhanced mechanism to follow up implementation of the agreed commitments.

24. The lack of progress in the Doha Round of trade negotiations was certain to compound the current situation. WTO members must therefore strive to remove the final obstacles to the successful conclusion of the negotiations. A successful Doha Round should include the elimination or substantial reduction of distorting barriers and subsidies to agricultural products so that developing countries could make full use of their export potential.

25. International action to address the threat of climate change should be concentrated on the United Nations Framework Convention on Climate Change and should follow the guiding principles of the Kyoto Protocol concerning the greater historical responsibilities of developed countries and the greater vulnerability of developing countries. It was also important to recall the principle of common but differentiated responsibilities.

26. Brazil had demonstrated that biofuel production from energy-efficient crops, such as sugar cane, could be environmentally sustainable without contributing to the surge in international food prices or affecting levels of food production. An international conference on biofuels would be held in November 2008 in São Paulo to promote the benefits of such renewable energy sources. Brazil was also striving to reduce deforestation in the Amazon rain forest. It had proposed positive financial incentives in 2006 to reduce emissions caused by deforestation in developing countries and had also offered to host a 12-year review of the Rio Conference in 2012.

27. Brazil was committed to building a more equitable and sustainable world economy. To that end, it was important to mobilize financial and technical assistance through South-South cooperation. Brazil

particularly looked forward to the long-awaited opportunity to discuss that issue at the United Nations conference to be held on that subject in 2009.

28. The United Nations also had a crucial role to play in promoting technical cooperation through its operational activities. In that connection, his delegation stressed that the triennial policy review should mobilize all the specialized agencies of the United Nations and that the permanent involvement of developing countries in the review process was also critical.

29. **Ms. Stewart** (International Labour Organization (ILO)) said that, ILO had been warning of a crisis that affected around 2 billion people and was still impeding development efforts: the global employment crisis. According to the latest ILO report on global employment trends, economic turbulence could increase global unemployment by an estimated 5 million persons in 2008. The Committee should therefore keep in mind that sustainable development could not be achieved without placing the decent work agenda at the centre of development policies. Decent work for all was now a global goal, as acknowledged in many declarations and resolutions adopted at international and regional meetings, including the 2005 World Summit.

30. In June 2008 the tripartite partners of ILO had adopted the Declaration on Social Justice for a Fair Globalization. Good intentions were not enough, however; partnerships at all levels and coherent action among the organizations of the multilateral system would also be needed in order for the various internationally agreed development goals to be achieved. Such system-wide coherence could be facilitated by using the ILO Toolkit for Mainstreaming Employment and Decent Work, which, was proving to be a useful mechanism for multiple stakeholders, including Governments and United Nations country teams in the United Republic of Tanzania and Iraq, as well as various United Nations funds, programmes and agencies, to incorporate decent work strategies into their policies.

31. A weakening resources environment and decent work deficits made the Committee's task all the more challenging. Solutions could, however, be found through dialogue among partners and, in that regard, the decent work agenda of ILO, reinforced by the Declaration on Social Justice for a Fair Globalization, offered a much needed unifying focus.

32. **Mr. Heller** (Mexico), speaking on behalf of the Rio Group, said that it had engaged in dialogue during the current General Assembly session with key actors in the global arena, including the Cooperation Council for the Arab States of the Gulf, the European Union, the Russian Federation and Cuba, on a number of matters within the Committee's remit, among them financing for development, migration and sustainable development. It would continue to develop coordinated positions on those matters, among others, during the session.

33. On the subject of financing for development, the High-level Event on the Millennium Development Goals held on 25 September 2008 had highlighted the urgency of decisive action in support of those most in need, which necessitated progress in the creation of an effective global partnership for development. It was therefore important to take advantage of the political will generated by the Event to advance negotiations in a constructive and decisive manner and thereby ensure effective follow-up of the commitments made.

34. International migration, a key phenomenon in the context of globalization, was undeniably related to the growth, development and societal well-being of sending, receiving and transit countries alike. It should therefore be given particular attention in the Committee's work, especially since, according to the International Organization for Migration, there were now 191 million migrants worldwide. Follow-up to the 2006 High-level Dialogue on International Migration and Development should be regular, substantive and integrated, focusing on all factors that contributed to the phenomenon of migration.

35. Middle-income countries had special needs and required ongoing support from the international community in order to consolidate their development gains and avoid setbacks. The Group therefore welcomed the Assembly's recognition of the outcomes of the Madrid Intergovernmental Conference on Middle-Income Countries, the Second International Conference on Development Cooperation with Middle-Income Countries held in San Salvador and the Third International Ministerial Conference on the State of Middle-Income Countries held in Windhoek. That did not mean, however, that the needs of countries in other categories should be neglected. The Group's

solidarity with Haiti, its only least developed country member, was active and resolute and it also extended the same solidarity to other categories, such as the group of landlocked developing countries, which required urgent international support. In that connection, the Rio Group welcomed the adoption of the outcome document of the midterm review of the Almaty Programme of Action.

36. An outstanding issue for the current session was the need for the consensus adoption of a resolution convening a Conference on South-South Cooperation, to be held no later than the first half of 2009, pursuant to General Assembly resolution 62/209. South-South cooperation, though in no way replacing North-South cooperation, had proved to be an effective tool in international development efforts; it was therefore vital to update the Buenos Aires Plan of Action for Promoting and Implementing Technical Cooperation among Developing Countries in order to reflect the changes and developments of the past 30 years.

37. In the area of technological innovation, the Rio Group intended to make a positive contribution to the development and strengthening of regional cooperation by promoting regional scientific development and fostering transfers of technology with a focus on the production sector. In that regard, appropriate follow-up to the objectives of the World Summit on the Information Society was needed, particularly with regard to the implementation of policies aimed at developing a socio-economically inclusive information society.

38. Concerted action to promote sustainable development was particularly important in the light of current challenges including the international economic and financial crisis, rising food and energy prices, climate change and the need to preserve biodiversity. If appropriate action was not taken, the consequences could be devastating in economic, financial and, above all, human terms.

39. **Mr. Muburi-Muita** (Kenya), speaking on behalf of the Group of African States, expressed the Group's appreciation to the Secretary-General and the President of the General Assembly for convening the High-level Meeting on Africa's Development Needs. In the twenty-first century, the world had all the political, financial, economic and technological tools needed to create prosperity in Africa; what was lacking was the political will to take action. While in recent weeks trillions of dollars had been spent in bail-out packages across the developed world, the same zeal had not been applied to meeting the target of doubling aid to Africa by 2010. According to current Organization for Economic Cooperation and Development statistics, ODA had in fact decreased. If the international community had fully implemented all the outcomes of major conferences and met its commitments, allowing Africa to access global markets by granting it full debt relief, making available transfers of technology and eliminating agricultural subsidies, the global economy would have been better able to cope with the current crisis. The African Group acknowledged the assistance provided by development partners and recognized that some progress had been made in areas such as the mobilization of domestic resources for development as well as in democratic governance, rule of law, protection of human rights and conflict resolution. However, Africa remained off track to achieve the Millennium Development Goals and other internationally agreed development goals, with a serious shortfall in the resources available to meet its development needs.

40. The African Group strongly believed that sufficient commitments already existed to put the continent back on track. The Doha Development Round was stalled not because of doubt about the potential of trade to drive growth and development but because of a lack of political will to implement the various commitments contained in global mechanisms such as the Monterrey Consensus. The African Group hoped that the importance of establishing a mechanism to follow up and monitor the implementation of commitments on Africa, as reflected in the political declaration on Africa's development needs, would be taken into account in the current and future sessions of the General Assembly.

41. While Africa was worse affected by the impact of climate change than any other continent, despite having made the smallest contribution to greenhouse gas emissions, the international community was unwilling to make the resources for adaptation measures unconditionally available. The impact of the current food and energy price crisis and the evolving financial crisis also needed to be put into perspective. It was estimated that the majority of the countries requiring international assistance as a result of the food crisis were in Africa. In addition, the financial crisis, if not urgently addressed, would also severely affect

other countries, particularly developing countries in Africa and other regions.

42. Bearing in mind that both the forthcoming Follow-up International Conference on Financing for Development and the fourteenth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change focused on matters closely related to the work of the Second Committee, it was vital to ensure that the Committee's discussions and resolutions complemented and did not pre-empt the outcomes of those Conferences.

43. **Mr. Salam** (Lebanon), speaking on behalf of the Arab Group, said that the global economic crisis was threatening to reverse years of economic growth in developing countries and was putting the internationally agreed development goals, including the Millennium Development Goals, at risk. The Group was concerned by the decline in ODA for the second consecutive year and urged developed countries to adhere to the Monterrey Consensus, which stipulated that debt relief should not be counted as part of ODA. It was also concerned that failure on the part of the developed countries to fulfil their responsibilities with respect to climate change would threaten the Bali Road Map process and stand in the way of a satisfactory outcome to the 2009 Conference of the Parties to the United Nations Framework Convention on Climate Change. In addressing climate change, the three pillars of economic growth, social development and environmental protection should be accorded equal weight and the principle of common but differentiated responsibilities should be adhered to. Concerted efforts were also necessary to address desertification and drought, which affected many Arab countries in particular, and sufficient funding needed to be provided for implementation of the United Nations Convention to Combat Desertification. Achievement of the internationally agreed development goals, including the Millennium Development Goals, was also severely threatened by the global food crisis; coordination between the Secretary-General's High-Level Task Force on the Global Food Security Crisis and other United Nations organs was vital.

44. The Group was concerned about the failure of the Doha Round negotiations and the appearance of new forms of protectionism that were impeding access of developing countries' exports to markets. It expressed appreciation to the State of Qatar for offering to host the upcoming Doha Review Conference. The Bretton Woods institutions needed to be reformed to give greater representation to developing countries. South-South cooperation was not a substitute for North-South cooperation, and financial assistance provided through South-South cooperation should not be counted as part of ODA. Due attention also needed to be paid by the international community to the economic and social impact of foreign occupation, and in particular the measures imposed by Israel in the Occupied Palestinian Territory in flagrant violation of international humanitarian law, which prevented any progress there towards the Millennium Development Goals impossible.

45. **Mr. Churkin** (Russian Federation) said that, in view of the current world financial crisis and rising food prices, a fresh approach that took into account the interests of every group of nations was required to restore balance in the world economy and respond to global challenges.

46. The emerging crises clearly indicated that the current global governance system was incapable of meeting the challenges faced. Unilateral attempts by individual States to regulate the global economy and financial markets did not work, and it was vital for the international community to work together to reinvigorate the current system and create a new, fairer international financial system, with the participation of major world economies. Common rules of economic interaction, ensuring balanced treatment of all economies and thereby avoiding confrontation in international relations, should be collectively developed and new and flexible forms of collective leadership were required, based on reconciliation of mutual interests. Only through the creation of a stable architecture of international security, including economic security, could many of the current problems be solved.

47. Since clearly there was no reasonable alternative, at present or in the foreseeable future, to the global architecture based on the United Nations and the rule of international law, the United Nations could not disregard the global financial, energy and food crises that were jeopardizing progress towards the Millennium Development Goals. His delegation was ready to engage in constructive discussions on the priority issues of food and energy security and supported the leading role played by the High-level Task Force on the Global Food Security Crisis in addressing that crisis. Its Comprehensive Framework

for Action, together with the Rome Declaration on World Food Security, provided a solid basis for consolidating the efforts of the international community in that regard.

48. His delegation also supported the initiative by Belarus to organize a thematic debate on energy efficiency and energy conservation technologies and new and renewable sources of energy during the current session and the proposal of Turkmenistan to convene an international conference on energy transport security.

49. International cooperation on climate change was vital. Only with the participation of all countries, taking into account their capacity and their own emission levels, would it be possible to attain the ultimate objective of the United Nations Framework Convention on Climate Change, which was to stabilize the concentration of greenhouse gases in the atmosphere. Welcoming the outcomes of the thirteenth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change, his delegation was committed to active and constructive engagement in negotiations to establish an international climate regime for the post-2012 period on the basis of the Bali Action Plan.

50. Preparation for the Follow-up International Conference on Financing for Development was an absolute priority in the next two months and it was important to ensure that the Committee's discussions did not duplicate but rather supplemented and enriched the negotiations on the draft outcome document. The Committee's agenda and programme of work provided a good opportunity to discuss and adopt by consensus substantive decisions on important macroeconomic policy issues that, for various reasons, might not be discussed by Heads of State and Government in Doha. It might also be appropriate for the Committee to consider certain aspects and technical details of a number of issues on the Conference agenda, which would in no way lower the profile of those issues.

51. **Mr. Liu** Zhenmin (China) said that the global economic crisis was threatening to deprive emerging economies of their chance at development, widen the gap between North and South, and thus impede implementation of the Millennium Development Goals. Cooperation and prioritization were needed to address the threat. The consensus formed at the High-level Event on the Millennium Development Goals needed to be translated into measurable progress in technology transfer and investment. The international financial system should be reformed to increase the representation of developing countries, and the International Monetary Fund (IMF) needed to address vulnerabilities in the reserve-currency countries that were affecting the entire system. A successful outcome to the Doha Round that curbed protectionism and addressed the concerns of the less developed countries would benefit all. Cooperation under United Nations coordination was necessary to create an integrated global food security system. Concerted efforts were also needed to achieve energy security, and meet environmental challenges on the basis of the principle of common but differentiated responsibilities.

52. As his country achieved further development, it would make greater contributions to South-South cooperation, along the lines of the measures which it had announced at the High-level Event on the Millennium Development Goals. After three decades of reforms, his country remained aware of the problems it continued to face, which included a large population, an uneven economic foundation and environmental pressures. It was adopting a scientific approach to development that emphasized economic growth while maintaining social harmony. It would continue to strike a balance between resource development and environmental protection, and follow a development path that would bring a higher standard of living to its people while also contributing to global prosperity.

53. **Mr. Wolfe** (Jamaica) said that the widening global gap between rich and poor was marginalizing developing countries as never before. His delegation welcomed efforts to strengthen the role of the Economic and Social Council through the launching of the Annual Ministerial Review and the Development Cooperation Forum, and attached great importance to the upcoming Doha Review Conference. Developed countries should be held accountable for their commitments regarding the internationally agreed development goals.

54. The classification of roughly half the States Members of the United Nations as middle-income countries on the basis of their per capita income masked the debt, poverty and inequality that those countries faced. He urged that a more systematic approach be taken, and in particular called on the international financial institutions to accord recognition to CARICOM as a special category of

small, vulnerable, highly indebted middle-income countries. His country supported the initiatives on middle-income countries that had emerged from the recent conferences in Spain, El Salvador and Namibia. He also noted the particular threat posed to his country by climate change, and expressed his country's support for the Bali Road Map and for the commencement of a second commitment period and a firm post-Kyoto agreement by the 2009 Conference of the Parties to the United Nations Framework Convention on Climate Change.

55. **Mr. Butagira** (Uganda) said that the global downturn threatened to reverse the marked improvement recently shown by developing economies. In particular, the global food crisis was likely to wipe out progress towards achievement of the Millennium Development Goals made in sub-Saharan Africa, which needed food aid and monetary assistance in the short term, as well as investment, research and development to increase its agricultural productivity in the long term. Contract farming might return Africa to the colonial role of supplier of raw materials. Africa needed value addition that would lead to the export of manufactured foods while also meeting domestic food needs. In the long term, the factors that underlay persistent global imbalances would also have to be addressed.

56. The High-level Meeting on Africa's Development Needs, the High-level Event on the Millennium Development Goals and the High-level Meeting devoted to the midterm review of the Almaty Programme of Action had highlighted both the continuing relevance of the United Nations and the importance of United Nations reform. Reform of the international economic architecture was also needed to increase the participation of developing countries in decision-making. The commitment of the international community to poverty eradication, sustainable development and achievement of internationally agreed development goals had yet to meet the expectations of the developing countries. Decisive action, rather than business as usual, was what was needed from the Committee in order to address global challenges.

57. **Mr. Benmehidi** (Algeria) said that curbing the crisis currently roiling the international financial system required a joint effort of the entire international community, involving multilateral monitoring of macroeconomic policies in order to remedy global imbalances and to combat the speculative practices which lay behind the present turmoil in the markets.

58. Globalization's contribution to integration of markets and world growth was undeniable, but at the same time it had led to marginalization for many developing countries, owing to the structural obstacles that it created. Despite their efforts to achieve the internationally agreed development goals, including the Millennium Development Goals, the results were mixed for a significant number of developing countries, particularly in Africa. The obstacles resulting from the global food and energy crises, climate change and the turmoil in the world of finance threatened to scale back considerably the development progress made so far.

59. The development agenda was dependent on establishing a global partnership for development. To that end, it would be beneficial if all the developing countries could play a role in the global economic policies by way of an equitable share in the decision-making process within the international financial and commercial institutions. The International Monetary Fund, the World Bank and the World Trade Organization could not claim a universal mandate if they continued to operate on the basis of unchanged decision-making mechanisms which left little room for the developing countries. It was also important to consolidate and promote cooperation between those institutions and the United Nations by means of more qualitative approaches.

60. Much still remained to be done if the commitments made by the international community in the fields of official development assistance, trade, debt relief and access to new technologies and affordable essential medicines were ever to become a reality. To that end, the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, shortly to be held in Doha, would be the ideal opportunity for making a clearer evaluation of the progress so far in implementing the commitments undertaken and for examining solutions to the challenges emerging in the field of financing for development.

61. Algeria was pleased to see growing global awareness of the impact of climate change and the growing number of initiatives taken by the United Nations system to combat it. However, it also felt that

the matter should come, as in previous years, under the heading of sustainable development. Algeria was totally in accord with the principles behind the international campaign to save the planet, and shared the concerns underlying it, as a consequence of its own struggle with the phenomenon of desertification, one of the most threatening manifestations of climate change. The countries of Africa were in the troubling position of being both the most threatened by climate change and the most vulnerable to it. Their specific needs had to be met. It was to be hoped that the solutions and strategies to be examined at the forthcoming Poznan Conference of the Parties to the United Nations Framework Convention on Climate Change would lead towards a consensus on the new regime for combating climate change in the post-Kyoto period starting in 2012, on the basis of the principles of equity and common but differentiated responsibilities.

62. Algeria called for an integrated approach, with the aim of attaining sustainable development, an approach that must include adaptation, technology transfer, sharing of best practices and streamlining of the development mechanisms specific to the developing countries. Algeria was also in favour of constructive negotiations that could result in a consensus on the commitments relating to the reduction of greenhouse gases, to be decided during the next Conference of the Parties to the Framework Convention in 2009.

63. **Mr. Shinde** (India) noted that the recent High-level Event on the Millennium Development Goals had revealed in stark detail the challenges facing development efforts. Falling official development assistance, net outflows of funds to developed countries, volatile capital movements, continued debt problems, trade-distorting agricultural subsidies by developed countries, non-tariff barriers, trade talks threatening the livelihoods of millions of poor farmers, non-inclusive international norm-setting frameworks and loss of policy space: all those factors only served to exacerbate the development challenges of developing countries.

64. The problems had been compounded by the ongoing financial crisis. A detailed examination needed to be undertaken, preferably by the United Nations, of the undeniable impact of the financial crisis on development efforts, particularly in respect of availability of capital, overall slowdown in global growth and shrinking export markets. It was to be hoped that the Doha Review Conference would look at those issues in detail. The crisis had sent a message calling for change in financial regulatory systems, which also needed to take the international dimension into account.

65. Higher and more volatile prices of food, energy and other commodities had further compounded the problem. Against that background, there was a need to encourage growth, particularly in countries with large populations, as they had the potential to drive much-needed economic growth elsewhere in the world.

66. The financial crisis had also clearly demonstrated the importance of policy space. Regulators in developed countries had the luxury of trying out a variety of tools to address financial problems. Developing countries, when faced with similar financial difficulties in their own economies, should also have the choice to select from such policy tools as might be useful in their specific circumstances. In the past, international financial institutions, particularly the Bretton Woods institutions, had limited the choice available. Recent developments made it even more important that sufficient policy space be available to developing countries, not in order for them to renege on international commitments but to ensure that, when they were faced with crises, all possible intervention mechanisms were available to them.

67. Clearly, a radical change in the international financial architecture at large could be brought about only through a comprehensive review. Such a review must ensure greater voice and participation for developing countries, particularly in the Bretton Woods institutions. The United Nations, which had the requisite legitimacy, must regain its traditional role in guiding international economic policy. The present trend had to be reversed of hollowing out the United Nations by first creating specialized entities and then arguing that they could not be overseen by the Organization.

68. All agreed that climate change called for an extraordinary effort and collaboration. However, the developing countries did not see that urgency reflected in the attitude of their partners. Instead, the usual approach continued. Efforts to review the intellectual property rights regime, so that critical climate technologies could be considered as benefiting humankind rather than just a few innovators, were blocked; attempts were made to ignore historical

responsibility. The negotiations under the United Nations Framework Convention on Climate Change must be guided by the principle of common but differentiated responsibilities, as well as the historical responsibility of developed countries. The outcome must recognize the principle that each citizen of the world had equal entitlement to the global atmospheric space. India had already unveiled an ambitious National Action Plan on Climate Change, and made a commitment that, even as it pursued economic growth, its per capita greenhouse gas emissions would not exceed those of the developed countries. Further, the recent opening of international civil nuclear cooperation with India would have a positive impact on global energy security and on efforts to combat climate change.

69. The Human Development Report had consistently shown that a reasonable measure of human development was achieved only after national average electricity consumption exceeded some 3,000 kilowatt-hours per person per year. In India, the average electricity consumption was well below that figure, at only about 650 kilowatt-hours per person per year. The energy challenge facing India and other developing countries was large, urgent and immediate. Every household had to be given access to adequate and affordable electricity. India was fully conscious of the need to employ strategies ensuring that energy was used cost-effectively, and that the proportion of sustainable and renewable energy was constantly increased. Those strategies brought in their train the benefits of economic competitiveness, enhanced access, and better environmental quality, besides the very strong side-benefit of climate change mitigation.

70. India had completely overhauled the institutional arrangements of its electricity sector so as to create independent regulators and to allow competition in electricity generation. That had lowered the price of electricity procured through competitive bidding. India had also obliged each electricity distribution company to procure at least a certain percentage of electricity from renewable sources, leading to the creation of about 11,000 megawatts of renewable electricity generation capacity.

71. Today, India was one of the most energy-efficient countries in the world, with only about 0.15 kilograms of oil-equivalent energy being required to produce one dollar's worth of gross domestic product in purchasing power parity terms. In order further to enhance efficiency, India had introduced standards and labelling of appliances; an energy conservation building code for large commercial buildings; and a system of energy reporting and auditing for energy-intensive industry. Through those and other demand-side management interventions, India was moving towards securing energy savings of at least 5 per cent, relative to 2007, by 2012.

72. **Ms. Blum** (Colombia) observed that the slowing-down of the world economy, the rising trend in food and commodity prices, and the increasing intensity of natural disasters having to do with climate change were having a severe impact just when the world was at the halfway point of the time allotted to achieve the Millennium Development Goals. Given such an evident crisis, the Second Committee should analyse it as a matter of priority. The General Assembly should examine the repercussions of the situation on the different areas of development.

73. The food security problem demanded special attention. The Committee should take advantage of the momentum generated by the High-Level Conference on World Food Security held in Rome, promoting intensification of discussions and agreements and following up on the implementation of actions by the United Nations system. In particular, the Committee should pursue the actions related to the Comprehensive Framework for Action developed by the High-level Task Force on the Global Food Security Crisis under the leadership of the Secretary-General.

74. Additionally, analysis was needed of the energy-related aspects of the food problem: the impacts of the increase in oil prices on the cost of transportation and basic inputs for food production. Although the rise in fuel prices had somewhat slowed recently, the issue still needed to be addressed from a structural and long-term international perspective.

75. There was a need for a significant and effective outcome with respect to the Monterrey Consensus, one that went beyond reaffirmation of the commitments undertaken in 2002 and responded to the challenges posed by the current world economic situation. Various aspects should be fully covered in the outcome of the Doha Conference: regulation of the financial and capital markets in all countries; mechanisms to provide emergency liquidity during crises and avoid excessive accumulation of risk; development of an effective follow-up mechanism; and implementation of

additional measures to confront illicit capital flows, including those used to fund terrorism.

76. There were sometimes attempts to change the course of discussions taking place in the context of the United Nations Framework Convention on Climate Change and the Kyoto Protocol through annual resolutions of the General Assembly, either by referencing only partially the agreements reached at the Conference of the Parties, or alternatively by exceeding their scope. Yet the value of the work of the Second Committee should be measured by its capacity to promote the autonomy and independence of the Convention and the Protocol as the main forums for addressing the various aspects of climate change. The Committee should take advantage of the progress achieved the previous year in Bali, which had provided a clear road map; it could not afford the luxury of creating parallel agendas.

77. Recent decisions in the Committee on operational activities for development had advanced the search for greater effectiveness and capacity of the United Nations to respond to the priorities of recipient countries. There was a need for a system focused on national capacity-building that would serve as a catalyst for more predictable, transparent and results-oriented international cooperation.

78. In the field of international cooperation, Colombia stressed the importance that middle-income countries had gained in the new development architecture. Their role as recipients and providers of cooperation was evident, as had been recognized in the High-Level Forum on Aid Effectiveness, held in Accra. Middle-income countries were also facing challenges resulting from situations of poverty and inequality, making official development assistance essential. Colombia stood ready to support initiatives that would allow tangible progress in that regard.

79. In recent years Colombia had achieved outstanding progress in development, building on three pillars: security based on democracy, investment with social responsibility and creation of social cohesion on the basis of freedoms. It had achieved sustained economic growth with rates that had exceeded 5 per cent in the past three years; advances in social matters; and accelerated progress towards fulfilment of the Millennium Development Goals.

80. Concerned about the impacts that the international economic environment might have, Colombia reaffirmed its ongoing willingness to participate actively in a dialogue on the issue, on a constructive and cooperative basis that would serve to promote collective efforts leading towards economic and social development.

The meeting rose at 5.40 p.m.

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Second Committee

Summary record of the 4th meeting
Held at Headquarters, New York, on Tuesday, 7 October 2008, at 10 a.m.

Chairperson: Ms. Ogwu ..... (Nigeria)

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General debate (*continued*)

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08-53800 (E)

The meeting was called to order at 10.10 a.m.

General debate (*continued*)

1. **Mr. Onemola** (Nigeria) said that, in the light of the international financial crisis resulting from imbalances in the global financial system, a comprehensive overhaul of the Bretton Woods institutions was required to ensure a level playing field for developed and developing countries alike.

2. The global food crisis seriously affected the developing countries' prospects of achieving their Millennium Development Goals (MDGs) and would, perhaps, persuade the international community to accord priority attention to the agricultural sector in those countries. Nigeria welcomed recent actions taken by the United Nations and called on the Secretary-General's High-Level Task Force on the Global Food Security Crisis to closely collaborate with the United Nations MDG Africa Steering Group to mobilize international assistance for the development of the region's agricultural sector. One reason for the low agricultural production in developing countries was the minimal level of mechanization. As part of a comprehensive food security strategy, Nigeria was therefore boosting large-scale commercial agriculture and called on the agencies and institutions of the United Nations system to collaborate in that initiative.

3. Climate change called for urgent global action. The devastating effects of global warming had resulted in land degradation and water evaporation in many parts of Africa, which could lead to enormous loss of life from starvation. Nigeria called on its development partners to provide sustainable assistance, complementing domestic efforts to identify solutions for the problems related to climate change in Africa. In addition, it hoped that the efforts of the United Nations would result in a post-2012 climate change regime under which the industrialized countries would make far-reaching commitments to reduce greenhouse gas emissions and to ensure the transfer of clean, renewable technologies, access to financing, and capacity-building for the adaptation strategies of developing countries.

4. Nigeria was an oil-producing country, but attached great importance to clean fossil fuel technologies; it therefore proposed the creation of a special fund for research and development to ensure mass production of renewable energies, such as solar, hydro, nuclear and wind energies, to lessen their cost. Moreover, despite having achieved a high growth rate, Nigeria suffered from inadequate support infrastructure, particularly in the energy and transportation sectors, and would welcome massive foreign investment in those areas in order to ensure sustainable industrialization.

5. Nigeria called on all parties to bring the Doha Round to a prompt conclusion so as to ensure that international trade became more inclusive and development-oriented. In addition, intellectual property rules should be modified to improve the access of developing countries to new technologies and products. Furthermore, all parties to the Monterrey Consensus should fulfil their commitments concerning development financing.

6. Developing countries had become wary of aid promises that failed to materialize, which had led to a crisis of confidence and trust. Although Africa's development partners had pledged to provide 0.7 per cent of gross national income by 2015, it was essential that they do so by 2012 in order to have a positive impact on the achievement of the MDGs. The overarching aim of aid should be to make the beneficiaries self-sufficient; therefore, it should focus on the productive sector. The Development Cooperation Forum should provide international oversight and monitor the utility of official development assistance (ODA); Nigeria therefore called for faithful implementation of the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action.

7. Nigeria remained firmly committed to the principles of South-South cooperation and was currently expanding the scope of its support to many other developing countries through its Technical Aid Corps.

8. The proceeds of trade in stolen crude oil had been linked to corruption, violence and even war. Nigeria therefore called for concerted international action to raise awareness about oil bunkering and criminalize it.

9. While the countries of Africa appreciated the special attention paid by the international community to their development needs, they had implemented their own national, subregional and regional strategies to take responsibility for their own development, insofar as their resources permitted. Nevertheless, they faced challenges due to factors beyond their control, such as

climate change, an unfavourable international trade system and endemic diseases, and they required the collaboration of their development partners and of the international community as a whole to address those problems.

10. **Mr. Acharya** (Nepal) said that it was encouraging that additional commitments had recently been made to help developing countries achieve their MDGs. However, the least developed and landlocked developing countries and countries emerging from conflict had yet to fully benefit from new development activities and continued to be marginalized from the globalization process. Implementation of commitments under the Brussels Programme of Action should be accelerated. Also, it was evident from the midterm review of the Almaty Programme of Action that the landlocked developing countries required sustained trade-enhancing support measures and higher investment in their transport infrastructure. The special needs and difficulties of the least developed and landlocked developing countries should be taken into account in the outcome of the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus.

11. Climate change, the global food crisis and spiralling oil prices had significantly affected the economic and development agenda of the least developed countries. The small island nations and mountainous communities of the Himalayas were extremely vulnerable to the adverse effects of climate change and, while post-Kyoto negotiations should address those concerns, the countries themselves needed to start taking measures to adapt.

12. Nepal had recently undergone a fundamental political transformation and was now embarking on a new form of socio-economic development. The Government was emphasizing the reform of the farming sector, harnessing hydroelectric power, and boosting tourism; it also needed to develop the industrial sector and rural infrastructure. The success of those domestic initiatives depended on effective mobilization of financial and technical resources from its development partners.

13. **Mr. Labbé** (Chile) said that the United Nations should send a powerful political signal regarding the risks that mismanagement of the overlapping crises in the financial and food sectors would create for developing countries. Chile welcomed recent United Nations activities designed to reinforce the commitments made during the Millennium Summit and to initiate specific actions to help all countries achieve their Millennium Development Goals. In the absence of concerted action, some regions of the world, principally in Africa, would fail to achieve development and social well-being.

14. An important objective of the current session was to reach agreement on a resolution convening a High-level United Nations Conference on South-South Cooperation, to be held no later than the first half of 2009, as indicated in General Assembly resolution 62/209. South-South cooperation, while not a substitute for North-South cooperation, had proved to be an effective instrument for providing development assistance; consequently, it was imperative to update the 1978 Buenos Aires Plan of Action for Promoting and Implementing Technical Cooperation among Developing Countries.

15. Chile reiterated its offer of support and cooperation to the negotiation process leading up to the Doha Follow-up International Conference on Financing for Development, and trusted that the outcome document would reflect the main concerns of the developing countries, such as the architecture of the international financial system, external debt, international trade and, above all, an effective follow-up mechanism for the Monterrey Consensus.

16. The advancement of developing countries involved increasing their presence in international knowledge networks, especially as regards science and technology. Chile was therefore increasing its efforts in that regard; it wished to help increase and strengthen international cooperation for the promotion of scientific development at the regional level, and encourage technology transfer in the productive sectors. To that end, Chile was chairing the Commission on Science and Technology for Development and organizing an intersessional meeting in Santiago in November 2008 to discuss the development of a socio-economically inclusive information society. It also intended to strongly support the draft resolution on the threat of climate change to international peace and security submitted by the small Pacific island States.

17. **Mr. Malmierca** (Cuba) recalled that the Second Committee would be discussing such crucial issues as international trade and finance, and the environment,

which were the current focus of global attention. It was also preparing to review the results of the Monterrey Consensus on development financing and establish new standards for that important initiative. The failure of the developed countries to comply with their commitments was one of the main obstacles to achieving the agreed development goals, including the MDGs. The outcome of the Follow-up International Conference on Financing for Development should reject conditioned assistance intended to impose specific patterns of conduct based on unsustainable political and economic models.

18. The recent financial crisis in the United States of America, with its global repercussions, provided the most patent illustration of the failure of the neo-liberal market-based capitalist model, with its unbridled consumerism. That model was not the way to development. Neo-liberal globalization had continued to increase the gap between rich and poor; and the food crisis resulting from the inequities of the current international economic order meant that almost one billion people suffered from hunger, while approximately 1.4 million people lived in extreme poverty.

19. Amidst the global chaos and despite the constraints of the economic embargo that had lasted for nearly 50 years, Cuba continued to offer the world a viable development alternative, based on the exercise of its full sovereignty and the people's participation in decision-making. Even though it had suffered the ravages of three severe hurricanes in recent months, Cuba continued to contribute to the development of other third world countries in the context of South-South cooperation.

20. The United Nations should be the protector of the right to development, the struggle against inequity and the disproportionate squandering of resources by a few countries to the detriment of the immense majority of the global population. In order to encourage a more extensive discussion on those issues, Cuba would be submitting a draft resolution on the new international economic order and hoped that it would receive unanimous support.

21. **Ms. Al-Zaabi** (United Arab Emirates) said that the various global crises were threatening to derail sustainable development and damage global security and peace. Her delegation commended the initiatives of some of the developed countries in the areas of direct assistance and debt relief, urged speedy implementation of the recommendations of the various international development conferences, and hoped that the upcoming Doha Review Conference would be a step in the right direction. Her country had made great strides in development both through efficient use of oil resources and by diversifying its economy to develop the non-oil sectors. It ranked thirty-ninth on the 2007-2008 United Nations Development Programme human development index, and followed a free-market model that encouraged small businesses and had increased its citizens' income levels. It ranked among the most competitive and investment-worthy of the Arab countries, and its measures to combat corruption and money-laundering had gained international praise. In conjunction with the World Wide Fund for Nature, her country had drawn up plans for a zero-carbon city. It was a party to international agreements on development and contributed financial support to developing countries and countries suffering from conflicts and natural disasters.

22. **Ms. Ataeva** (Turkmenistan) said that the soaring prices of oil and food, together with the financial crisis, had clearly exposed the vulnerability of the entire global trade and economic relations system, as well as the absence of protection mechanisms. It demonstrated that, in addition to the traditional threats of a political and military nature, new factors had emerged that were equally dangerous for the world's stability and development.

23. Energy resources, principally hydrocarbons, were the engine for global development and their supply routes were a dominant factor in the progress and prosperity of entire continents. The reliability of energy supplies was essential; the oil market tended to react to the slightest fluctuation in the global political situation or changes in the situation in one or other region of the world, especially in areas where considerable reserves of raw material were concentrated or strategic transportation routes were located. Such fluctuations had a negative impact on the entire world economy, which would be avoided if the global community took up the issue of ensuring the reliability of hydrocarbon supplies, if delivery routes were secure and protected by the authority of the world community, and if a reliable international legal framework existed. The draft resolution entitled "Reliable transit of energy and its role in ensuring stable economic development and international

cooperation" (A/C.2/63/L.3), co-sponsored by Turkmenistan, could be the first step in the process. In addition, his Government proposed to hold an international conference in 2009 on the issue of ensuring the reliable transportation of energy to international markets. Turkmenistan supported the establishment of economically feasible, reliable and secure routes for the delivery of energy. It also wanted to encourage inter-State and interregional trade and economic ties, and to stimulate integration processes for the economic growth of producer, transit and consumer countries, leading to the solution of social problems.

24. **Mr. Ja`afari** (Syrian Arab Republic) said that his country had made great economic strides, including its entry into the Greater Arab Free Trade Area (GAFTA) in 2005 and the conclusion of a number of bilateral free trade agreements. However, there were a number of factors hindering its development and its integration into the global economy. Israeli occupation continued to deprive it of the resources of the Golan, which Israel was exploiting in unsustainable and environmentally unsound ways. For political reasons, no action had been taken on his country's application, submitted in 2001 and again in 2004, to join the World Trade Organization (WTO). Unilateral measures by certain States, such as those taken by the United States of America in 2004, had subjected it to restrictions that were contrary to the principles of free trade. It was also paying the price for the misguided policies of the United States of America in Iraq, with over 1.5 million Iraqi refugees placing undue strain on its health care, education and services sectors, and was suffering the consequences of climate change, including its most severe drought in decades, despite the fact that it was not a major contributor to climate change.

25. He called on the Committee to draw international attention to the negative effects on development of foreign occupation and to condemn the politicization of the WTO accession process. He demanded compliance with General Assembly resolution 62/184 calling for facilitation of the accession of all developing countries that apply for membership in the World Trade Organization and General Assembly resolution 62/183 condemning unilateral economic measures as a means of political and economic coercion against developing countries. He urged the international community to assist countries bordering Iraq with the refugee problem, and called on developed countries to fulfil their commitments under the United Nations Framework Convention on Climate Change and the Kyoto Protocol. His delegation stressed the importance of the upcoming Doha Review Conference and expressed concern that developed countries might use the current financial crisis as a pretext for reneging on their commitments under the Monterrey Consensus.

26. **Mr. Badji** (Senegal) said that, while the global food, energy and financial crises were generating anxiety around the world, key events in recent days had mobilized world leaders to find urgent responses to the problems facing developing countries. Such events demonstrated the complexity and interdependence of the multidimensional challenges that prevented countries from climbing out of poverty and the need for a multilateral approach. The Committee could play an important role by promoting the provision of United Nations assistance to Member States.

27. Senegal had been hit hard by the global food crisis, which it was working to mitigate. Its programme entitled "Major agricultural offensive for food and abundance", which aimed to end Senegal's food dependence on the outside world, was already producing results. That said, national efforts alone were not enough; the international community must support them by increasing aid to the agricultural sector.

28. The most visible effects of climate change in Africa were desertification, coastal erosion and the salinization of groundwater. The "great green wall" project aimed to address that situation by planting a forest measuring 105,000 square kilometres from Senegal to Djibouti. The project would help slow down desertification and sequestrate greenhouse gases. As for coastal erosion, it was hoped that the ministerial conference to be hosted by Senegal in November 2008 would offer an appropriate response. It was essential for States to reach consensus on a new international agreement on climate change. Senegal was committed to finding a lasting solution in that regard.

29. Another challenge concerned the implementation of international commitments in the economic and financial arenas; States must keep their related promises. Financing for development was a fundamental pillar in that regard, particularly in view of the upcoming Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus. He

welcomed the identification of new financing mechanisms, such as the air-ticket levy, the International Drug Purchase Facility and the Global Digital Solidarity Fund, all of which were being promoted by the Pilot Group on Solidarity Contributions for Development.

30. Access to new and innovative technologies was essential if all were to benefit from progress. Such technologies must be an effective means of promoting sustainable development. To that end, Africa had mainstreamed information and communications technologies (ICT) into the New Partnership for Africa's Development (NEPAD) from the start and proposed the concept of digital solidarity with the launch, in 2003, of the Global Digital Solidarity Fund. The Fund had proposed an innovative financing mechanism — the "1 per cent digital solidarity" principle — according to which providers of ICT-related goods and services would donate 1 per cent of the contract value to the Fund, which would use the funds to buy digital goods and services for the people of the South. He hoped that the Lyon Conference on Digital Solidarity, to be held in November 2008, would generate considerable support for the mechanism with a view to concluding an international convention on the subject.

31. Agricultural subsidies and protectionism seriously hindered development efforts in the South. They also played a major role in Africa's insignificant share in global trade. Their persistence, coupled with the repeated failures of trade negotiations, further undermined the hopes of millions of people.

32. Lastly, a solution must be found to illegal immigration. The answer was not to adopt repressive measures or to make a distinction between good and bad candidates but rather to create the right conditions to discourage emigration.

33. **Mr. Mohamad** (Sudan) said that profound global challenges were threatening the world's most vulnerable, eroding hard-won gains and challenging developing countries' economic and political reform efforts. The global food crisis, for example, threatened the lives of millions, particularly in sub-Saharan Africa. As a consequence, the right to food and to development could no longer be ignored. The crisis required global solidarity and a coordinated global response that focused on the interests of the most vulnerable. The Committee must continue to advocate a holistic approach. It was important to revitalize agriculture while at the same time addressing the structural and financial obstacles to development.

34. The current financial crisis called for urgent reform. In particular, collective efforts to secure developing country voice and participation in international decision-making processes must be intensified to ensure that such countries could become integrated into the global economic system and participate in setting its parameters.

35. Climate change must be addressed within the context of sustainable development and the principle of common but differentiated responsibilities. Political will would be needed to push for a new international agreement at the fifteenth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change, to be held in Copenhagen in December 2009, one that would contain firm and strict emissions reduction targets, and financial and technical support for developing countries. The poorest countries, which had the lowest emissions levels and were the least prepared but the hardest hit by the adverse impact of climate change, must be assisted by the international community.

36. Global issues called for multilateral solutions. The current crises had exposed the international system's inequality and weakness and highlighted the urgent need for concerted action on the governance of the international system and the implementation of international development commitments. Development partners must honour their commitments relating to official development assistance (ODA), which continued to fall. Conditionality, unpredictability and earmarking of ODA were key challenges. Developed countries must also fulfil their commitment to allocate 0.7 per cent of gross national product (GNP) as ODA to developing countries and 0.15 to 0.20 per cent of GNP to the least developed countries by 2010.

37. Two landmark events at the 2008 substantive session of the Economic and Social Council had been the first Development Cooperation Forum and the second Annual Ministerial Review. Both processes could be expected to contribute to the strengthening of the Council, the implementation of the global partnership for development and the monitoring of development commitments. The Committee should seek to make those processes more results-oriented and a platform for the exchange of experiences. They

should also be allowed to address emerging global challenges. The Follow-up International Conference on Financing for Development must also address emerging challenges, their negative impact on development and the best way forward. The collapse of WTO negotiations jeopardized the development dimension of the Doha Round and gave greater urgency to the need to guarantee an equitable international trading system, one that would provide developing countries, particularly the least developed countries, with duty- and quota-free market access and eliminate agricultural subsidies. In that connection, WTO should facilitate the accession of interested States and reject any attempts at politicization.

38. Despite some improvement in its overall economic performance, Africa continued to be subject to systemic pressures beyond its control. Such pressures hindered its efforts to eradicate poverty and hunger and achieve sustainable development and made it susceptible to external shocks. It was a matter of concern that Africa continued to lag behind the rest of the developing world in its progress towards the Millennium Development Goals. In that regard, he was heartened by the commitments announced at the High-level Meeting on Africa's Development Needs, held on 22 September 2008, and by discussions at the High-level Event on the Millennium Development Goals, held on 25 September 2008. Developed countries must fulfil their commitments expeditiously if Africa was to be assisted.

39. South-South cooperation remained crucial as it could assist developing countries in harnessing their collective strength and complementarity at a time of challenge and change. He therefore looked forward to the High-level United Nations Conference on South-South Cooperation to be held in 2009. South-South cooperation should be viewed not as a substitute for North-South cooperation or as ODA, but rather as an expression of solidarity and cooperation born out of shared experiences.

40. Lastly, he hoped that the Committee would continue to take account of the special circumstances facing countries, in particular countries emerging from conflict, by mobilizing United Nations system support in the areas of ODA and external debt, which continued to hinder reconstruction and development efforts.

41. **Mr. Cancela** (Uruguay), highlighting some of the steps his country had taken to achieve the Millennium Development Goals, said, with reference to health care, that the recently established national health fund accorded priority to primary health care and prevention. The fund also provided financing enabling all citizens to enjoy their right to health. In the area of education, a new plan aimed to provide all State school pupils with access to digital information and to facilitate networks among pupils, teachers and schools.

42. His country was also working to expand, modernize and diversify its external sector in order to increase its role in international trade. Further trade liberalization was essential and should be based on an open, rules-based, predictable and non-discriminatory international trading and financial system devoid of all protectionist measures including restrictions on agricultural products and export subsidies. Domestic support measures should be reduced significantly and markets, particularly those of developed countries, should be opened up more.

43. The current global food crisis required not only urgent action, but also a long-term solution. A successful conclusion of the WTO negotiations was the only way to ensure global food security. Every effort should therefore be made to resume the Doha Round, particularly negotiations relating to agriculture. New technologies were needed to boost agricultural production and make it economically and socially sustainable and resistant to climate change. In addition, more research was needed to halt the decline in soil and water resources and ensure food production in the future.

44. On the subject of financing for development, his delegation attached considerable importance to the Follow-up International Conference on Financing for Development. He noted, in particular, that the current mechanism for reviewing implementation of the Monterrey Consensus and of such agreements as might be reached in Doha needed to be strengthened and improved. His Government was interested in proposals put forward for innovative and additional forms of development financing, as well as new initiatives concerning the international financing machinery.

45. Collaboration between the United Nations and international financial institutions should be strengthened in order to mobilize resources for development. In that connection, the term "middle-income country" should be revised because it reflected neither internal inequalities often obscured by

national averages nor efforts to overcome the vulnerability of national economies and particularly of large segments of the population. Although Uruguay was classified as a middle-income country, it faced structural obstacles that impeded sustainable development, and it required technical and financial assistance. According to the Economic Commission for Latin America and the Caribbean, 90 per cent of Latin Americans living in extreme poverty lived in middle-income countries.

46. The institutional capacity of the United Nations to combat environmental degradation should continue to be strengthened given the grave global threat which the phenomenon posed to current and future generations. Further progress was therefore needed in implementing the agreements reached at the United Nations Conference on Environment and Development and the Plan of Implementation of the World Summit on Sustainable Development. International cooperation on the environment through compliance with existing commitments, on the basis of common but differentiated responsibilities, was therefore essential. Sustainable development strategies must respect the needs of present and future generations.

47. Every State must exercise its responsibility to actively protect the environment of its territory and waters, with the vigilant participation of civil society. In so doing, States should ensure that foreign and domestic enterprises operating in their territory complied with strict environmental quality standards. Uruguay had adopted internationally accepted standards for that purpose and rigorously enforced them.

48. Although his country was not a major contributor to global warming, it fully recognized the dangers which the phenomenon posed and the difficulty involved in achieving sustainable social and economic development, given the close relationship between its natural resources and economic performance. The latest report of the Intergovernmental Panel on Climate Change clearly reflected the seriousness of the situation. Environmental protection was a human right and a prerequisite for truly sustainable development. The international community, donor countries in particular, should scale up their environmental cooperation with developing countries and adopt global targets that imposed common but differentiated responsibilities on all.

49. His country shared the Security Council's concern regarding the link between armed conflict and the trafficking, illicit trade and illegal exploitation of natural resources. While, pursuant to the Charter of the United Nations, the issue normally fell within the purview of the Security Council, under international law States enjoyed an absolute right to dispose of their assets and natural resources in accordance with their national interests. Accordingly, in situations not involving armed conflict, issues pertaining to natural resources properly were within the purview of the General Assembly and the Economic and Social Council. One example of the latter type of situation was the arrangement between Argentina, Brazil, Paraguay and Uruguay for the management, monitoring and sustainable development of the Guarani Aquifer.

50. Lastly, his Government viewed the "One United Nations" pilot programme as an instrument for reforming the operational activities of the United Nations system and a cooperation exercise in the priority areas identified by his Government. His Government and the United Nations system had designed 10 projects. Uruguay had invested considerable technical capacity and human resources in the pilot project in the hope that United Nations reform would ultimately benefit its development efforts. That reform should not be a mere cost-cutting exercise; rather, it should result in more efficient programme implementation and better use of resources.

51. **Mr. Swe** (Myanmar) said that global imbalances were a major obstacle for many developing countries, whose difficult situation was further compounded by declining ODA, rising food and oil prices and the spreading financial crisis. Progress towards the Millennium Development Goals had been less than impressive. Myanmar looked forward to the upcoming Follow-up International Conference on Financing for Development as an opportunity to review the current world situation and ensure that commitments regarding the international development agenda were translated into concrete action.

52. The recent impasse in the Doha Development Round threatened to undermine the promotion of an open, rules-based and non-discriminatory multilateral trading system. Timely completion of the Doha Round with development as a core focus was essential if developing countries were to harness the potential of international trade.

53. Developing countries were most affected by the adverse effects of climate change. Their lack of financial resources and technical capabilities for mitigation and adaptation measures made them more vulnerable. Developed and developing countries had common but differentiated responsibilities in addressing the challenge of climate change. The ongoing negotiations related to the United Nations Framework Convention on Climate Change should take full account of developing countries' need to promote the three pillars of sustainable development in a coordinated and balanced manner.

54. His Government's national development plan aimed to accelerate growth, achieve equitable, balanced development, and reduce the socio-economic development gap between rural and urban areas. The significant improvements made in a number of sectors, including health, education, infrastructure and agriculture, had positively impacted on Myanmar's progress towards the Millennium Development Goals. Nevertheless, developing countries, including Myanmar, could not achieve the Goals on their own. National efforts needed to be complemented by cooperative efforts by the international community.

55. **Mr. Ben-Tura** (Israel) said that it was more important than ever to strengthen the development pillar, as the repercussions of the financial, food and energy crises hit developing countries hardest. In that connection, he welcomed the timely political declaration adopted at the High-level Meeting on Africa's Development Needs, which had renewed commitments to achieve the Millennium Development Goals in Africa.

56. A memorandum of understanding had been signed between the Israeli Center for International Cooperation and the United Nations Development Programme (UNDP) in Africa for cooperation in the field of agriculture and the Israeli Government was also planning to sign a partnership framework agreement with UNDP. Information and communications technologies played an important role in development: universal access to such technologies was vital to ensure broad, inclusive participation in the emerging information society and global economy. He hoped that the Follow-up International Conference on Financing for Development would strengthen the spirit of consensus and lead to broader international partnerships for sustainable development.

57. The Committee must remain seized of the issue of climate change. Israel had adopted a number of initiatives in the areas of sustainable fresh water management, protection of biodiversity, and desertification prevention, with a view to achieving internationally agreed goals, including the Millennium Development Goals.

58. **Mr. Bui The Giang** (Viet Nam) said that the current financial crisis, combined with the ongoing food and energy crises, threatened to drive the global economy into a recession. The failure of the Doha Round further aggravated the situation and progress towards the Millennium Development Goals was at risk.

59. He welcomed the momentum created by the recent high-level meeting devoted to the midterm review of the Almaty Programme of Action. It was now necessary to scale up global partnerships in order to track progress towards the internationally agreed goals, including the Millennium Development Goals, in concrete ways. To play a central role in all global development agendas, the United Nations must adopt reforms to increase its capacity.

60. The international community should examine how to minimize the negative impacts and maximize the potential benefits of globalization for developing countries, particularly the least developed and landlocked nations. Developed countries bore primary responsibility for engaging with and providing assistance to developing countries. In that regard, he called on developed countries to honour their commitments to increase ODA to 0.7 per cent of their GNP, provide further debt relief and aid for trade, promote technology transfer and facilitate the participation of developing partners in the international economic architecture.

61. An open, equitable, rules-based, predictable and non-discriminatory trading and financial system was vital to hunger eradication, poverty alleviation and development. The Doha Round negotiations should be reopened with a stronger international political will and flexibility. He hoped that the forthcoming Follow-up International Conference on Financing for Development would provide a true forum for the international community to reach a consensus on ways to meet the needs of developing countries.

62. Environmental degradation and climate change had impacted negatively on the sustainable development of all countries. Priority must be given to adaptation to climate change and the building of resilience in vulnerable nations. Mitigation measures should be intensified globally through a global agreement under the United Nations Framework Convention on Climate Change. He called on developed countries to take the lead in reducing carbon emissions and transferring clean technologies to developing countries.

63. **Mr. Al Habib** (Islamic Republic of Iran) said that eradicating poverty was not only the greatest challenge currently facing the world; it was indispensable for sustainable development, particularly in developing countries. The current food crisis, which threatened the progress made towards the Millennium Development Goals, should be turned into an opportunity to revitalize global agricultural production and trade and to rectify the systemic imbalances accumulated over the years. The food crisis was not only a humanitarian concern, but also a threat to social and political stability. In light of world population growth, the crisis was a reminder of commitments made to sustainable development goals and their follow-up. As emphasized in the outcome document of the recent Fifteenth Ministerial Conference of the Non-Aligned Movement, solutions to the food crisis must feature a multi-faceted approach including short-, medium- and long-term actions.

64. Desertification had clearly negative effects on agricultural production and posed a major challenge to sustainable development. High-income consumers, most of whom lived in developed countries, continued to adopt lifestyle and consumption standards that were increasingly unsustainable. Inequality remained a major obstacle to sustainable development in almost all countries. Addressing issues such as employment and working conditions required a collective will, strong cooperation and delivery on commitments agreed at landmark summits in recent decades.

65. **Ms. Aitimova** (Kazakhstan) said that the soaring fuel and food prices amidst modest wage growth and increasing unemployment mainly impacted the least developed countries, landlocked developing countries and small island developing States. She welcomed the recent midterm review of the Almaty Programme of Action, at which States had unanimously adopted new international cooperation modalities for ensuring stable economic growth and correcting trade imbalances for landlocked developing countries, and encouraged the international community to build on the momentum achieved to prepare for the upcoming Follow-up International Conference on Financing for Development. The outcome document of the Conference should be speedily endorsed; effective discussion and revision of the document was therefore crucial to achieve consensus on the final draft.

66. The Government of Kazakhstan was striving to prevent an economic slowdown, curb inflation, supply sufficient food to domestic markets and maintain stable living standards for its people. Kazakhstan's high growth rates had enabled it to become an active investor in neighbouring countries and it was currently on its way to becoming one of the world's 50 most competitive economies.

67. Because diminished food security was likely to undermine efforts towards achieving sustainable development, it was important for all nations to adopt uniform approaches in order to improve agro-industrial competitiveness and ultimately ensure food security at the regional and international levels. It was necessary to adopt and implement urgent measures to increase funding and to transfer advanced technology to developing countries in order to maximize agricultural production. Kazakhstan had recently lifted its ban on grain exports in light of the prediction of an excellent harvest and was confident that such actions would contribute to stabilizing the situation of the global food market.

68. Kazakhstan strongly supported international efforts to mainstream environmental sustainability and socially oriented development policy in national, sectoral and local strategies. It was now forging partnerships with civil society, the private sector and philanthropic institutions in order to achieve common sustainable development goals and thus protect the environment for future generations.

69. As a major exporter of hydrocarbons, Kazakhstan would continue to provide energy supplies to the world markets via multiple routes. Realizing the importance of responsibility in the energy market, Kazakhstan had co-sponsored a number of General Assembly resolutions on energy transparency and security.

70. The issue of transboundary water resources was important in Central Asia. The support of the Committee was needed to endorse the resolution

sponsored by Kazakhstan and other countries of Central Asia on granting the International Fund for Saving the Aral Sea observer status in the General Assembly. Such status was necessary to institutionalize the joint efforts on mitigating problems caused by socio-economic and ecological crises in the Aral Sea basin.

71. **Mr. Sow** (Guinea) said that the current crisis gave the Committee the opportunity to examine the underlying causes of the sharp rise in food and oil prices. Although his delegation welcomed the initiatives taken to end the food crisis, which had hit the poorest countries hardest, long-term solutions were called for. The international community should promote strategies that would put agriculture and agricultural development at the heart of national and international policy. Only thus would the needs of the most vulnerable populations be met and social and political stability preserved. He also welcomed the attention paid to the problem of climate change, as evidenced by the decisions adopted at the thirteenth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change.

72. Concerted, voluntary action should be taken to ensure that the highest price was not paid by the countries that had contributed least to the current crisis. The sharp rise in the price of oil and energy products was a matter of concern. Producer countries should show greater solidarity with non-producers, especially the least developed countries. The international community should also curb its consumption and develop a global energy policy, with particular reference to renewable energy sources.

73. Attention should be paid to migration flows, which had multiplied as a result of globalization. The international community should approach the issue in a spirit of active and pragmatic solidarity that would take due account of development, security and international cooperation.

74. At the halfway mark to the Millennium Development Goals, it was clear that, unless current trends were reversed, the Goals would not be attained in Africa. There was no time to lose. Promises must be translated into practice and commitments undertaken, whether individually or collectively, must be honoured. The international community should give the highest priority to practical action on rural and industrial development, infrastructure, climate change and financing for development. It should also support the New Partnership for Africa's Development (NEPAD), through which African Governments undertook to develop infrastructure and promote human rights, the rule of law, democratization and the attainment of the Millennium Development Goals. Action must be taken on trade, official development assistance, debt alleviation, technology transfer and innovative financing for development in order to give the developing countries a better chance of playing their part in globalization.

75. Obstacles to the completion of the Doha Round must be removed so that measures could be adopted to stimulate development and end extreme poverty. Such measures should include preferential access to markets and technical assistance on trade. Official development assistance should be more predictable and more focused on national priorities. Guinea, which was chairing the Pilot Group on Solidarity Levies to Fund Development, was making every effort to supplement traditional forms of support. His delegation welcomed the progress made with the Heavily Indebted Poor Countries Initiative and urged the richer countries to provide more resources in order to assure its success. It also welcomed the enormous potential of South-South cooperation in various areas. The international community should continue its efforts in that regard.

76. **Mr. García González** (El Salvador) said that it became ever clearer that the world was in crisis and that the sharp rise in the price of oil — indeed, price instability, generally — would have a dramatic impact on development in most countries, including his own. The best way of meeting the challenge was through multilateral, collective action. No country, however powerful, could overcome on its own the effects of climate change or the energy, food and financial crises. The international community must maintain and strengthen its commitment to attain the Millennium Development Goals by 2015.

77. Disturbing though it was, the crisis provided an opportunity to carry out a root-and-branch reform of the Bretton Woods institutions with a view to enhancing their technical capacity, their credit mechanisms and the financial resources required to assist countries in preventing financial crises.

78. His delegation supported the convening of an international conference to consider the world's financial and governance structures. A new economic

order should be established that would pay due attention to the needs of developing countries, in particular. The Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus would also provide an opportunity to tackle the issue of development cooperation.

79. His delegation strongly supported the efforts by middle-income countries to end poverty, in line with the El Salvador Consensus on Development Cooperation with Middle-Income Countries and the Declaration issued at the Third International Ministerial Conference on Development Cooperation with Middle-Income Countries, held in Windhoek, Namibia, in August 2008. At the next such conference, a comprehensive action plan should be worked out whereby middle-income countries could face the challenges of development in the medium and long term.

80. His delegation attached great importance to the issue of international migration, which was extremely relevant for El Salvador, since it provided the means by which Salvadorians could gain access to globalization. The United Nations should debate the topic, taking into account the interests and needs of countries of origin, transit and destination, and also the promotion and protection of migrants' human rights.

81. Climate change was one of the greatest challenges facing humanity. Urgent action was required, based on the principle of common but differentiated responsibilities. His delegation participated actively in negotiations on an international agreement on climate change, including the United Nations Climate Change Conference to be held in Copenhagen in 2009. In that connection, it welcomed the agreements reached at the World Conference on Disaster Reduction, held in Kobe, Hyoko, Japan, in 2005. Current patterns of production and consumption must be changed and the sustainable use of natural resources encouraged. Efforts should also be made to strengthen the national bodies responsible for the implementation of action to prevent and mitigate risks and disasters and to ensure efficient coordination at the regional, national and local levels.

82. **Ms. Zemene** (Ethiopia) said that, at a time of crisis, her delegation was encouraged by the renewed resolve on the part of both developing countries and development partners to make an extra effort to meet objectives for stronger growth and development, as set out in a number of international instruments. It was heartening that many of the least developed countries, most of which were in Africa, were receiving wider recognition of the successes that they had achieved. It was, however, a matter of grave concern that such encouraging developments were seriously hampered by the current global difficulties. The per capita rate of official development assistance was falling in many developing countries and the least developed countries received no extra assistance to deal with the food and energy crisis or with environmental degradation. There was no shortage of global initiatives in that regard; what was lacking was the commitment to implement them. It was to be hoped that the development partners would, in the spirit of the Monterrey Consensus, fulfil their obligations by providing increased, predictable and coordinated development assistance and access to trade and debt forgiveness.

83. Initiatives on the part of some development partners to address the current food crisis and expand the green revolution were encouraging. Her delegation attached great importance to the work of the High-level Task Force on the Global Food Security Crisis and endorsed the declaration issued at the Summit convened by the Food and Agriculture Organization of the United Nations, which had urged that developing countries should be helped to expand agriculture and food production and increase investment in agriculture and rural development.

84. Her Government had embarked on plans to accelerate growth in order to fulfil its obligations under the Millennium Development Goals and other development programmes. Its Plan for Accelerated and Sustained Development to End Poverty, launched in 2005, had reached its halfway point. Despite various difficulties, the Ethiopian economy had witnessed double-digit growth in gross domestic product over each of the past four years. The effect on poverty reduction had been encouraging: universal enrolment in primary education had been achieved and primary health coverage had improved. There had been significant expansion in such sectors of the economy as agriculture, construction and real estate.

85. She drew attention to draft resolution A/C.2/63/L.2, sponsored by her delegation, under which 2011 would be proclaimed the International Year of Chemistry. That year had been chosen because it marked the centenary of the award of the Nobel Prize

in Chemistry to Marie Curie — an inspiration to all students, especially women — for her discovery of radium and polonium. All Member States should support the draft resolution, which laid the foundation for a partnership between scientists and the international community to promote the role of chemical science in advancing industrialization and contributing to economic progress.

86. **Mr. Rosenthal** (Guatemala) said that his delegation's commitment to the development dimension of the United Nations was evidenced by its participation in the Economic and Social Council, in the Executive Boards of the United Nations Development Programme and the United Nations Children's Fund and in the organization of international conferences on financing for development.

87. His delegation wished, however, to express concern about the adverse impact of globalization on developing countries. Its potential for providing access to trade liberalization and financial resources carried with it a corresponding risk, particularly with regard to its distributive effects between and within countries and the destabilizing effects of sudden movements of capital, especially in the short term. Such concerns were exacerbated by the rise in oil and food prices. The current crisis could also affect efforts to mitigate climate change. Moreover, the failure of the United Nations, and also the Bretton Woods institutions and the World Trade Organization, to take action to deal with the current situation was worrying.

88. At such times, financial issues took on greater significance; and the General Assembly and the Second and Third Committees had a role to play in considering how to ensure ordered growth so that people throughout the world could live in decent and environmentally sustainable conditions. The complexity of the situation was such that many of the usual items on the agenda lost much of their relevance. It was, however, important that the international community should act with altruism. Like the crisis itself, the benefits of recovery would be felt around the globe. Multilateral cooperation was therefore essential.

The meeting rose at 1.10 p.m.

United Nations A/C.2/63/SR.5

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Second Committee

Summary record of the 5th meeting
Held at Headquarters, New York, on Tuesday, 7 October 2008, at 3 p.m.

Chairperson: Ms. Ogwu ..... (Nigeria)
later: Mr. Hoppe (Vice-Chairperson) ..... (Germany)

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08-53806 (E)

The meeting was called to order at 3.10 p.m.

General debate (*continued*)

1. **Mr. Masuku** (Food and Agriculture Organization of the United Nations) (FAO) observed that the work of the Committee was taking place against the backdrop of the ongoing global food crisis, financial turmoil and a myriad of concerns related to climate change. According to FAO indicators, 75 million people had joined the ranks of those below the hunger threshold, bringing the estimated number of undernourished people worldwide to 923 million. High food prices had reversed the previous positive trend towards achieving the Millennium Development Goal of halving the number of people suffering from hunger worldwide. Reducing the number of hungry people by 500 million in the remaining seven years to 2015 would require an enormous global effort to make food accessible to the most vulnerable and help small producers increase their output and earnings.

2. The twin-track FAO approach was aimed at improving livelihoods by promoting agricultural and rural development, as well as offering policies and programmes that bolstered direct and immediate access to food by the hungry. In December 2007, the Organization had launched its Initiative on Soaring Food Prices to help nearly 80 vulnerable countries to take urgent measures to boost food supplies and provide policy support to improve access to food. Countries hardest hit by the current crisis, most of them in Africa, would need at least $30 billion annually to ensure food security and revive long-neglected agricultural systems. If the incidence of hunger worldwide could be reduced, that would also greatly improve the chances of meeting the Millennium Development Goals related to poverty reduction, education, child mortality, maternal health and disease.

3. The global food crisis and the dramatic increase in food prices had been attributed to the convergence of a number of factors, including the production of biofuels. The Organization's report on The State of Food and Agriculture 2008, "Biofuels: prospects, risks and opportunities" showed that biofuels offered significant opportunities as well as risks, and that the extent of the impacts would depend critically on biofuel support policies. Under current policies, there were modest impacts on energy security, varying impacts on climate change, and significant impacts on agricultural development and food security. Therefore, expanding opportunities and reducing risks would require changes in policies. For example, over the longer term increased demand for biofuels could provide an opportunity for poverty reduction and improved food security in developing countries, but only if appropriate policies and investments were put in place. Similarly, biofuels had the potential to reduce greenhouse gas emissions, since the carbon released during fuel combustion could be recaptured by plant growth. The level of the reduction, however, would depend on how much land and energy were used to produce the fuels.

4. **Ms. Pierce** (United Kingdom of Great Britain and Northern Ireland) said that a 2010 summit to review progress in achieving the Millenium Development Goals would spur Member States to deliver over $16 billion in new commitments (including $4.5 billion for education and $3 billion to combat malaria) announced by the Secretary-General at the High-level Event on the Millennium Development Goals. The partnership for development approach — the foundation of the Committee's work and the only way to achieve the Goals — must respond to the new challenges that had recently emerged. Climate change, the food crisis and energy security — issues that had been at the top of governments' agendas for some time — should be addressed at the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus. However, as other speakers had already stressed, the financial crisis was of immediate concern to all. The United Kingdom looked forward to discussing those issues in the Committee to identify where the United Nations could add value and where action was needed elsewhere.

5. Stressing the linkage between tackling climate change and making sustainable progress on the Millennium Development Goals, she said that every country should integrate climate change adaptation into its economic development programme and accelerate progress towards a low-carbon economy. In her own country, a Department of Energy and Climate Change had just been created. The Committee's broad mandate provided an opportunity to mainstream climate change throughout the work of the United Nations.

6. The Doha Review Conference would provide an opportunity to build on the momentum that had been created over the past year by other conferences and events, including the Tokyo International Conference

on African Development, the High-level Forum on Aid Effectiveness, held in Ghana, and the recent High-level Event on the Millennium Development Goals and High-level Meeting on Africa's Development Needs. In consequence, the United Kingdom considered that parallel negotiations within the Second Committee on issues related to financing for development, in the run-up to Doha, could detract from its outcome.

7. **Mr. Abdelaziz** (Egypt) urged the Committee to take an effective and innovative approach to addressing the crises that had emerged simultaneously in an unprecedented manner during the past year and their impact on the development efforts of developing countries. The recent High-level Meeting on Africa's Development Needs and High-level Event on the Millennium Development Goals had revealed the growing international concern at the slow rate of development in Africa, and at the probability that a large number of developing countries, particularly in Africa, would not achieve the Goals by 2015. An urgent international response was required to put in place follow-up mechanisms to monitor what had been agreed in those two meetings with regard to international cooperation between developing countries and their development partners. Egypt supported the Secretary-General's proposal to hold a follow-up review conference in 2010.

8. He called for an expanded dialogue, with the involvement of all relevant stakeholders, and a real global partnership, to address the food and energy crisis, including structural issues related to climate change, subsidized food products and biofuel production. Egypt welcomed the Secretary-General's initiative to establish a High-level Task Force on the Global Food Security Crisis and hoped to see greater cooperation between the Task Force and Member States in the General Assembly and the Economic and Social Council. A General Assembly resolution would be needed to transform mounting international concern into a comprehensive action plan, in furtherance of the proposal put forward by Egypt, Chile and Indonesia to focus on the food and energy crisis as a central issue in the current session's general debate.

9. Undoubtedly, recent exceptional developments in international financial markets and their negative repercussions on the entire global economy had highlighted the importance of reviewing the international economic and financial systems as a whole and strengthening oversight and regulation. Enhanced control of the financial landscape must guarantee developing countries a voice in international economic decision-making.

10. Another unfavorable economic development had been the failure to reach agreement in the Doha Development Round on opening up new markets and resolving agricultural issues, which would make trade a real engine for growth and development in developing countries. Egypt renewed its appeal to developed countries to demonstrate the needed flexibility in order to reach an agreement.

11. Compounding that gloomy scenario was the decline in the volume of official development assistance (ODA) to the developing countries for the second consecutive year. Developed countries had reneged on their promises in all forums to double aid to Africa by 2010 and reach an ODA level equivalent to 0.7 per cent of gross national income (GNI). Furthermore, much of the assistance provided reflected the priorities of donor countries rather than recipient countries, in contradiction with the principle of national ownership. Egypt called on developed countries to adhere to the timetables they had set for ODA, and to the agreed principles governing international development cooperation.

12. Egypt reaffirmed its support for the Bali Action Plan and the Bali Road Map, and looked forward to the outcome of the fourteenth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change, to be held in Poznán in December 2008, which, it hoped, would contribute to reaching a global consensus on future cooperation on climate change by the 2009 Conference of the Parties in Copenhagen. While stressing that the Framework Convention was the basis for addressing climate change-related issues, Egypt recalled its proposals to draw special attention to the needs of vulnerable countries and to draw up a list specifying those countries with a view to providing them needed support for mitigation, adaptation, technology transfer and capacity-building.

13. The development role of the United Nations should be enhanced through the operational activities of its programmes, funds and specialized agencies in developing countries. Egypt welcomed the adoption of General Assembly resolution 62/208 on the triennial comprehensive policy review, and had also supported the adoption of resolution 62/277 on system-wide

coherence on the basis that the main objective of system-wide coherence was to increase the effectiveness of the activities of the United Nations, and not merely to achieve consistency for its own sake.

14. Egypt attached particular importance to the development efforts of the African continent, and welcomed the adoption of the Political Declaration on Africa's Development Needs, adopted at the recent High-level Meeting and especially its provision on establishing, by the sixty-fifth session of the General Assembly, a mechanism to review the implementation of the commitments that had been agreed upon by the international community and by Africa.

15. Egypt also attached special importance to increasing international cooperation with the middle-income countries, particularly in the light of the positive outcomes of the conferences convened in Spain, El Salvador and more recently, in Namibia. It hoped that the General Assembly would adopt a resolution during the current session, as a first step towards developing an integrated programme of action to enhance the development process in those countries.

16. While the developing countries had implemented many of their commitments in the areas of good governance, respect for human rights, the promotion of democracy and sound economic policies, the developed countries had failed to implement many of the development commitments that had been internationally agreed. There was a need to establish an intergovernmental mechanism to follow up the sustainable implementation of all commitments agreed upon during the relevant United Nations conferences and summits.

17. **Mrs. Sahussarungsi** (Thailand) said that in a year marking two major midpoints — one relating to the Millennium Development Goals and the other to the Almaty Programme of Action — the Committee should serve as a catalyst for greater cooperation and dynamism in pursuing sustainable development, especially in its economic and environmental dimensions.

18. The year 2007 — the tenth anniversary of the Asian financial crisis — had witnessed the beginning of the subprime mortgage crisis that had sent shock waves around the world. Despite the implementation of tough economic and financial reforms and restructuring, as well as the institution by most countries of good public and corporate governance, the world remained vulnerable to a global financial crisis. The most recent financial turmoil in the United States made clear how urgent it was to address the issue of the international financial system, and in particular the role of the international financial institutions. It was time for the Committee to put its weight behind a global discussion on the matter.

19. As the midpoint of the time allotted for achieving the Millennium Development Goals drew near, one third of the world lived on less than one dollar a day and a number of developing and least developed countries were not on track to achieve the Goals on time. From the discussion in the High-level Event, it was evident that immediate and specific steps were needed to remedy that situation. Developed countries must deliver on their commitments, particularly concerning ODA to developing and least developed countries. The High-level Forum on Aid Effectiveness, held in Accra the previous month, had adopted the Accra Agenda for Action as a "top-up" to the Paris Declaration on Aid Effectiveness. The Agenda reiterated the importance of effective aid, particularly the accountability and predictability of aid and the need to accord priority to developing countries' needs. The upcoming Follow-up International Conference on Financing for Development would provide another opportunity to engage collectively in seeking innovative ways and means of financing for development.

20. The Committee should intensify its effort to enhance South-South cooperation, an important mechanism for helping developing countries achieve the Millennium Development Goals. South-South cooperation should not be viewed as a substitute for North-South cooperation, but rather the two modalities should complement each other as means to transfer knowledge and capacity from a developed country to a developing country, or to several developing countries through triangular North-South-South cooperation.

21. Global partnership, however, was not only about aid, but about affording developing countries an opportunity to trade themselves out of poverty. The Committee must therefore provide strong guidance to all World Trade Organization (WTO) members on the need for greater flexibility so that at least the negotiations on the modalities, if not the entire Doha Development Agenda, could be concluded as soon as possible. Thailand supported the Accra Accord adopted by the United Nations Conference on Trade and Development (UNCTAD) at its twelfth session and

urged all relevant United Nations bodies to support its implementation.

22. **Mr. Davide** (Philippines) evoked the Secretary-General's description of the confluence of crises — "the weakening world economy, steep rises in food and energy prices, and climate change ..." — at the Ministerial Meeting of the Group of 77 and China held a few days earlier. While the Philippines had noted a year ago the rumblings of financial distress brought about by the subprime crisis, the extent of damage and uncertainty that had surfaced in the relatively short period since then could not have been imagined. The world was witnessing what might be the gravest global financial crisis in recent memory and its full consequences had yet to be played out. All countries were in serious danger of undergoing economic upheaval, thereby reversing any progress they might have made towards achieving the Millennium Development Goals and other internationally agreed development goals.

23. His delegation feared that a proliferation of bilateral and regional trade agreements could create distortions that would defeat the Doha Round's stated purpose of fair and free trade. It hoped that the Doha Round could be resumed in the near future, and that all parties would consider negotiations in a new light. The Follow-up International Conference on Financing for Development took on added importance in view of the financial turmoil that all countries were facing. His delegation hoped that the Monterrey Consensus would remain on track and that commitments to financing for development would be renewed and revitalized.

24. The Secretary-General was to be commended for taking quick and decisive action to address the global food crisis. The process leading up to the formulation of the Comprehensive Framework for Action stood as a model of how the United Nations could identify a problem, organize the relevant agencies, and galvanize Member States to take quick and coordinated action on a global issue. The immediate and longer-term measures described in the Framework provide a template for countries' responses to the crisis. Accordingly, the Philippines had allocated 30 billion pesos for research and development, agricultural infrastructure, sustainable integrated farming systems, rice biotechnology and education.

25. Underinvestment in agriculture was cited as one of the contributing factors to the rise in food prices. According to the World Bank, whose prescient *World Development Report 2008* bore the subtitle "Agriculture for Development", agriculture was the means for developing countries to achieve economic growth and thereby reduce poverty and hunger. Renewed emphasis on agriculture would also help countries address the gender gap and achieve environmental sustainability. As for biofuels — which apparently had a positive impact on agro-industry but a negative impact on food prices — the Philippine policy of cultivating non-food biofuel sources on land that was not being used for food production purposes could represent a way forward for countries seeking a sustainable balance between food and energy needs.

26. Turning to the global effects of climate change, he expressed the hope that countries would take quick and united action to reduce greenhouse gas emissions. The Philippines, as an active negotiator in the process under the United Nations Framework Convention on Climate Change, called on all parties to look at the greater good for generations yet to come, and negotiate in earnest at the Poznán Climate Change Conference, to prepare the ground for a successful outcome of the Copenhagen Conference in 2009. The State's duty to protect the environment was enshrined in the Constitution of the Philippines and the jurisprudence of its Supreme Court. His delegation hoped that that principle would be upheld by all nations.

27. The rise in energy prices provided a strong impetus for a more carbon-friendly approach to energy policy. The Philippines was well on its way to pursuing a greener energy path, not only by exploring renewable and alternative energy sources such as geothermal and wind power, but also by encouraging changes in consumer behaviour, for example, through the phase-out of incandescent lightbulbs.

28. As a major country of origin, the Philippines was keenly aware of the various aspects of migration, which would surely increase as globalization continued to erase borders. Its profound implications for the growth and development of both sending and receiving countries must be recognized. A broader understanding of the issue involving all stakeholders was crucial. The Philippines invited all Member States to participate actively in the Second Global Forum on Migration and Development to be held in Manila from 27 to 30 October, whose outcome would feed into the Second Committee's consideration of the biennial resolution on international migration and development.

29. **Mr. Ettalhi** (Libyan Arab Jamahiriya) expressed the hope that the momentum generated by the High-level Meeting on Africa's Development Needs and the High-level Event on the Millennium Development Goals would help to translate the right to development into a reality. The upcoming Doha Review Conference would provide an opportunity to establish a mechanism to monitor the implementation of relevant commitments. The international trade system needed to eliminate protectionism and guarantee access to markets for goods from developing countries. He called for facilitation of membership for developing countries in WTO and an enhanced role for UNCTAD in addressing issues of development, trade and investment. The current economic crisis offered an opportunity to reform the international financial institutions with a view to giving developing countries greater representation.

30. Corruption, bribery and money-laundering were serious obstacles to development in Africa, as well as a threat to global security. Funds being held in money-laundering havens must be returned to their countries of origin in accordance with General Assembly resolutions. Noting the negative impact of desertification and drought on his own country and others, he urged adherence to the United Nations Framework Convention on Climate Change and development of clean technologies for the fossil fuels that were needed to meet demand. His country had been among the first to draw attention to the global food crisis, and had allocated $5 billion to funding food security projects in Africa. His Excellency Colonel Muammar Al-Qadhafi, Leader of the Revolution, had personally launched an anti-hunger initiative at the tenth summit of the Community of Sahelo-Saharan States, held in Benin in June 2008.

31. Stressing the vital importance of stronger South-South cooperation, he called for implementation of the recommendations of the Second South Summit and welcomed the decision to convene the High-level United Nations Conference on South-South Cooperation, to be held in Argentina in 2009 to follow up implementation of the Buenos Aires Plan of Action and the Doha Plan of Action. Globalization must be accompanied by a development dimension that spread its benefits fairly, one that did not allow the intellectual property rights regime to block access to technologies and life-saving medicines at reasonable prices. He hoped that WTO member States would support his country's application for membership, which had been accepted for consideration in 2004.

32. **Mr. Chabar** (Morocco) said that the food, energy, financial and climate crises would have a particularly devastating impact on developing countries and threatened to undermine the efforts and the progress made to date to combat hunger and poverty. In response, the international community should provide support to those most in need and demonstrate the political will and determination necessary to find lasting solutions, including for the benefit of future generations. It was essential to take urgent steps to address both the structural and the cyclical cause of the current situation, which provided an opportunity for the international community to reconsider the policies pursued thus far and to strengthen cooperation in order to take swift collective action.

33. The failure of the WTO multilateral trade negotiations would have a negative impact both on economic growth, particularly in developing countries, and on the multilateral trading system. It was therefore essential for WTO members to resume those negotiations and not to abandon the progress already achieved in a number of sectors. The conclusion of the Doha Round and the removal of barriers to exports from developing countries would go a long way towards meeting the challenge of development. International trade could only be an engine of growth if there was a balance in global trade, consistency in international financial, monetary and trade policies, and, above all, a strengthened global partnership for development.

34. The High-level Meeting on Africa's Development Needs, the High-level Event on the Millennium Development Goals and the High-level Meeting devoted to the midterm review of the Almaty Programme of Action held at the commencement of the sixty-third session of the General Assembly sent a clear political message about the urgent need to implement the commitments made and to strengthen international cooperation for development so that the Millennium Development Goals could become a reality. Despite the economic achievements made in recent years by African countries, the spike in the price of agricultural products, coupled with the surge in the global price of oil, had seriously undermined their prospects for the achievement of the Goals. Most African countries depended on substantial imports to ensure their food security and to meet their energy needs. That situation

caused them to have large balance-of-payments deficits, exacerbated their debts and negatively affected their capacity to finance their own development.

35. The Follow-up International Conference on Financing for Development would provide an opportunity to take stock of the achievements made in the implementation of the global partnership for development, to respond effectively to the challenge of development and to initiate reform of global economic governance and the international financial architecture with a view to establishing an international financial system that supported and fostered growth and prosperity in all countries. In its current form, however, the draft outcome document on reviewing the implementation of the Monterrey Consensus lacked ambition and failed to meet the expectations of developing countries. In their view, the document should be adapted to international realities and to emerging issues of common concern.

36. **Mr. Ali** (Malaysia) said that in order to achieve the Millennium Development Goals it would be necessary to overcome policy failures, the lack of national capacities and the inadequate provision of international assistance. His delegation supported the Secretary-General's proposal to convene a review conference in 2010.

37. The principle of minimal government espoused by the Washington Consensus had been one of the gravest policy failures to date. Malaysia had learned from its own experience that government intervention was critical at lower levels of socio-economic development. Only Governments were able to integrate social and economic development into environmental considerations and the private sector could at best play an important supporting role at that stage of development. However, the crucial role played by government meant that it must govern well.

38. Developing countries were, by definition, countries with a low level of national capacities across a broad spectrum. While the development of national capacities in such areas as education and health was necessarily a complex and arduous exercise, the role of the United Nations in that regard had been clearly outlined in the triennial comprehensive policy review, which recognized that capacity development was a core function of the United Nations development system. However, if the Goals were to be achieved, increased attention must also be given to the development of infrastructure and to the direct provision of assistance to enhance productive capacities.

39. Despite the fact that increased assistance was required from the developed world to meet the Goals, the level of ODA had fallen in nominal terms. What was therefore needed was an international mechanism administered by the United Nations to monitor ODA levels and commitments. Such a mechanism should report to the Economic and Social Council each year on the progress made in that regard.

40. It was also important to consider the respective implications of the food, fuel and climate change crises. For example, the world was only just beginning to understand the benefits and drawbacks of alternative energy sources, particularly food-based sources. Nevertheless, since current energy and chemical intensive methods of agricultural production aggravated climate change, it was clearly important to develop more environmentally friendly agricultural methods by promoting research into new agricultural technologies, developing commercially viable technologies as a result of such research and enabling the developing world to have access to such technologies.

41. Given that technology transfer could undeniably play a critical role in addressing the convergent crises facing the world, the international community must immediately begin to take bold measures for the establishment of an international regime for technology transfer. Such a regime should aim to ensure the accessibility, affordability, appropriateness and adaptability of the technologies required by developing countries to overcome the current crises. The recent proposal by the Group of 77 and China for a technology mechanism under the United Nations Framework Convention on Climate Change provided the framework for a broader international regime for technology transfer.

42. While it was still too early to draw definitive policy conclusions on how to prevent similar crises in the future, certain lessons had already been learned. First, there were inherent dangers in a global economy that was too dependent on the United States as the main engine of growth, especially when that country, in turn, was dependent on lending-based consumption. Second, the markets alone, or the rating agencies on which banks relied, were not able to price risks accurately. Third, a lack of regulation inevitably led to

a lack of information, particularly where new financial instruments were concerned. Fourth, financial innovation had increased the vulnerability of financial markets by spreading risks more evenly around the globe.

43. Unfortunately, the entire world would suffer the consequences of the current financial crisis, either directly through lower global growth or indirectly through a reduction in ODA. It was therefore important to ask what could be done to put an end to such "casino capitalism", whereby only a few enjoyed the fruits of prosperity but everyone had to suffer its consequences. Another relevant question was why nothing had been done to avert the food, fuel, climate change and financial crises that had long been predicted by the United Nations. Clearly, there was a need to address the disconnect between the analytical work of the United Nations and its advocacy and implementation roles.

44. **Ms. Loza** (Nicaragua) said that the food, energy and environmental crises had been compounded by a financial crisis, which was undeniably the result of the deregulation and privatization of financial services. The financial crisis had originated in the large economies of those countries that had not only advocated the free market, but had imposed it on others. The imposition of such discredited policies had clearly not been effective in achieving the objectives pursued, quite the contrary.

45. The world had sufficient resources and technology to achieve all the Millennium Development Goals and agricultural production could feed twice the current population of the world. What was lacking was the political will and solidarity to contribute to human well-being, to feed people instead of fuelling machines, to stop imposing conditions on assistance and to remove market distortions which prevented farmers in the developing world from being as competitive as those in the developed world.

46. The consumerist system was unsustainable. A profound restructuring of the financial, economic and trading system was therefore imperative. It was the responsibility of the United Nations to spearhead the radical changes needed in both the global financial structure and in human conscience in order to avert such crises in the future. For that reason, the basis of a development round should no longer be the free market but rather the promotion of trade that contributed to a balance between countries and regions and with respect to the environment. Her delegation hoped that the forthcoming Follow-up International Conference on Financing for Development would lead to tangible and immediate action in that respect.

47. *Mr. Hoppe (Germany), Vice-Chairperson, took the Chair.*

48. **Mr. Weisleder** (Costa Rica) said that such challenging times should be seen as an opportunity to dispense with business as usual. The international community needed to behave in a more creative and conciliatory manner than in the past because the achievement of the Millennium Development Goals had been jeopardized by the combined food, energy and financial crises.

49. On the one hand, developed countries must take the opportunity to fulfil their 0.7 per cent ODA commitment, open their markets to exports from developing countries, eliminate their subsidies and do their utmost to ensure a successful outcome to the Doha Round. On the other hand, poor and middle-income countries must improve their governance, which included spending and investing in an effective and ethical manner. While good governance was not synonymous with the imposition of any particular form of governance, it was closely associated with the implementation of the most effective policies for the promotion of inclusive, balanced and democratic development.

50. Globalization must be controlled in a way that allowed everyone to enjoy its benefits, particularly the weakest and the most disenfranchised. The poorest countries in the world deserved special support and specific assistance but they must also adopt more effective measures and policies aimed at attaining the Millennium Development Goals. Some countries in Africa had already made a successful transition in that respect. His delegation hoped that all countries would do the same.

51. **Mr. Al-Fayez** (Saudi Arabia) said that supporting development and eradicating poverty were not only moral obligations but also crucial to global peace and stability. International consensus and cooperation among the less developed countries were essential for the realization of development goals, as were the opening up of membership in WTO and the elimination of tariffs against products from developing countries. The role of the United Nations, and in particular that of

the Economic and Social Council, was crucial in supporting international cooperation to achieve the internationally agreed development goals and encourage ownership by the developing countries of their development programmes. Over the previous three decades, his country had provided over $84 billion to 87 developing countries, averaging 4 per cent of its gross national product (GNP), and had itself already exceeded development targets in a number of areas.

52. In order to be sustainable, development must be balanced equally among its three economic, social and environmental pillars. The selectivity of the call by certain industrialized countries to refrain from the use of fossil fuels was disturbing. As a signatory to the international agreements on the environment, including the Kyoto Protocol, his country would continue to work to develop clean fossil fuel technologies and work for environmental protection in conjunction with economic growth on the basis of the principle of common but differentiated responsibilities. Globalization must extend beyond the mere opening up of markets to include raising living standards, ending poverty, fighting disease and providing opportunity for all.

53. **Mr. Chan** Khar Liang (Singapore) said that the ever-changing world was beset by a confluence of negative events, particularly the energy, food and climate crises. The current financial crisis would have global, profound and long-term implications that would undoubtedly have an adverse impact on many of the international community's collective efforts, including the implementation of the Monterrey Consensus and the achievement of the Millennium Development Goals. It was therefore imperative to stabilize the international financial markets and to examine ways in which the global economic system could adapt to cope with the complex challenges ahead.

54. During the course of its work, the Committee itself must not ignore such global challenges and must constantly take an action-oriented approach with a view to finding viable solutions. In so doing, it needed to muster the courage to tackle challenges directly in a coordinated and collaborative manner. It was crucial for the Committee to move beyond the familiar realm of discussion and to focus on improving methods to implement and strengthen delivery systems on the ground. The resolutions of the Committee must therefore mobilize the necessary resources and political will to translate words into practical action.

55. The international community also needed to find the political will to resume the Doha Round as soon as possible in order to stabilize and further strengthen the global trading system. The success of the Doha Round was important because it would open new markets, particularly for developing countries, and reinforce openness on a multilateral basis. The failure of the talks could lead to a rise in protectionism, which would reduce global welfare by billions of dollars and ultimately impede economic growth. The international community must therefore continue to push for strong growth in global trade.

56. **Mr. Amil** (Pakistan) said that the world was in the throes of a development emergency triggered by an unprecedented confluence of multiple crises, which were having a particularly devastating impact on his country and region. In such extraordinary times, the normal solutions and routine prescriptions would not work. The United Nations therefore needed to take the lead in promoting global and inclusive dialogue to find solutions. The suggestions made in the United Nations reports that had anticipated the current economic slowdown and financial crisis should also be considered more closely. Having already shown leadership in bringing world leaders together to reflect collectively on key issues such as climate change, financing for development and the food crisis, the United Nations should now focus global attention on the current situation by convening a specific meeting focused on development pursuant to General Assembly resolution 60/265, a special meeting of the Economic and Social Council or a special high-level event.

57. The current crises provided an opportunity to further strengthen the role of the United Nations in norm-setting for development cooperation and implementation monitoring as well as to reinvigorate the international community's commitment to a genuine global partnership for development. In particular, they should help give political impetus to the forthcoming Follow-up International Conference on Financing for Development, as well as lending new urgency to efforts under the United Nations Framework Convention on Climate Change to achieve effective implementation of the Bali Action Plan and previous climate change commitments of developed countries.

58. Access to technology was critical if developing countries were to meet the challenges of development in a knowledge-driven world economy. It was important to agree on the best ways for developing countries to access technology, including measures to deal with the constraints of the global intellectual property rights regime. Research and development on the problems and priorities of developing countries should also be encouraged, including through appropriate private sector incentives.

59. In the area of trade and development, the United Nations could help advance the debate and contribute to achieving a new start and successful completion of the Doha Development Round by promoting consensus on the Committee's trade and development resolution and reaching early agreement on the trade provision of the draft outcome document of the Follow-up International Conference on Financing for Development.

60. **Mr. Mbuende** (Namibia) said that the development agenda could be derailed if the unprecedented challenges now facing the world were not urgently addressed. The current financial crisis had exposed the weakness of a self-regulating financial system and confirmed the inability of the existing international financial and economic institutions to manage the system effectively. Their mandates and structures therefore needed to be reviewed, particularly since the problems had been compounded by a lack of regulatory control and insufficient understanding of so-called innovative financial instruments.

61. The development budgets of countries such as Namibia that were net food and oil importers had come under immense pressure as a result of the food and energy crisis. Climate change had also placed an extra financial burden on Namibia, which, like other developing countries, was an insignificant emitter of greenhouse gases but highly vulnerable to the effects of climate change. Since industrialized countries must take the lead in mitigating climate change and supporting the adaptation efforts of developing countries, in accordance with the principle of "common but differentiated responsibilities and respective capabilities", his delegation called for the immediate and full capitalization of the Adaptation Fund launched at the third session of the Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol.

62. Africa was still off track to meet most of the Millennium Development Goals, with economic growth yet to reach the 7 per cent target required to eradicate extreme poverty and job creation failing to keep pace with economic growth; the international community must therefore redouble its efforts to increase financial and technical assistance to developing countries, especially Africa, if the Goals were to be achieved by the target date. The continued impasse in the Doha Development Round was also having a negative impact on development and the fight against poverty, as well as affecting other areas of negotiations including the Aid for Trade initiative.

63. His delegation intended to introduce a resolution in the Committee to mandate the United Nations system to support the development efforts of middle-income developing countries and thereby enable them to address the areas of basic vulnerabilities identified at the three Conferences on Development Cooperation with Middle-income Countries, since, according to several studies, more than 40 per cent of people surviving on less than one dollar per day lived in those countries. While the Follow-up International Conference on Financing for Development promised to be successful, it would constitute a missed opportunity if it failed to address the identified gaps and shortcomings in the implementation of the Monterrey Consensus, including in relation to middle-income countries. Its success would, moreover, ultimately be judged by the extent to which its resolutions were put into practice.

64. **Mr. Shin** Boo-Nam (Republic of Korea) said that the United Nations should play a leading role in responding to the unprecedented crises now facing the international community, including by designing strategies that were tailored and targeted to each crisis. In that connection, the rapid response of the Secretary-General in establishing the High-level Task Force on the Global Food Security Crisis was to be commended. Since, according to estimates contained in the Comprehensive Framework for Action of the Task Force, an additional $25 to $40 billion must be invested annually to ensure global food security, his country would contribute $100 million over the next three years for emergency food aid and assistance to strengthen the agricultural capacities of developing countries, as well as providing technical assistance based on its firsthand experience in agricultural development.

65. With climate change threatening to undermine the achievement of the Goals, the international community, including both developed and developing countries, needed to make meaningful progress towards designing the post-2012 climate change regime. In that connection, his delegation expressed its full support for the Secretary-General's leadership in working to ensure a successful agreement under the United Nations Framework Convention on Climate Change by the end of 2009. The Republic of Korea supported the global vision of halving greenhouse gas emissions by 2050 and had also launched the East Asia Climate Partnership, which would make $200 million available over the next five years to help countries in East Asia combat climate change without stifling economic growth. His delegation also firmly believed that a new world summit on sustainable development should be held in 2012 and hoped to host that event, being well-placed to play a bridging role between developed and developing countries.

66. Following the success of the High-level Event on the Millennium Development Goals, which had galvanized additional resources to address current shortfalls in achieving the targets set, the Follow-up International Conference on Financing for Development would provide a good opportunity to reassess financial needs and revitalize the political commitment to meet them. Having already increased its aid volume at a rapid pace over the past decade, his country now expected to treble such assistance from the current level to around $3.3 billion by 2015. It had also tripled its ODA to Africa in the past three years, under the Korea Initiative for Africa's Development and was contributing to the promotion of better market access for least developed countries.

67. In addressing the current financial crisis, which could jeopardize the achievement of the internationally agreed development goals, including the Millennium Development Goals, it was important not to repeat the protectionist policies that had aggravated the Great Depression of the 1930s. Any solutions should instead be based on even stronger international cooperation and the open market economy.

68. On the subject of United Nations reform, his Government welcomed the successful introduction of the Annual Ministerial Review and the Development Cooperation Forum, since it believed that the Economic and Social Council should be further strengthened in order to play a leading role on economic and social issues.

69. **Mr. Christian** (Ghana) said that, in view of the growing interdependence evident in the economic, social and environmental fields, effective international cooperation was required to address the huge challenges currently faced by the world economy. It was also clear that market forces alone were not adequate to prevent recurrent financial crises; a tighter regulatory system, a more expansionary international policy response and stricter measures to contain speculation were required. The inability of policymakers to agree on such internationally coordinated action had negative implications for the world economy, including developing countries. His country, like most others in the developing world, believed that a new approach, involving the cross-fertilization of ideas and the sharing of experiences among all countries, was needed to deal with current challenges. The effective participation of developing countries in any forum set up to seek solutions to the financial crisis was therefore vital. In that respect, the prevailing circumstances provided an opportunity to re-emphasize global solidarity for development. Both national efforts and complementary actions by the international community were required to harness the positive forces for pro-development globalization.

70. Many countries, especially least developed and African countries, remained marginalized from the benefits of trade and investment. Consideration must be given to the quality — and not only the quantity — of exports needed to generate resources for development. Notwithstanding the benefits associated with lower trade barriers, more open markets usually also entailed adjustment costs that were of particular concern to developing countries, as highlighted in the Accra Accord adopted by the United Nations Conference on Trade and Development at its twelfth session. It was therefore important to ensure that the liberalization of global trade promoted inclusive growth, development and poverty reduction.

71. With climate change threatening to further weaken the economic condition of most communities in Africa, owing to their inadequate adaptive and financial capacity, it was also vital to address the problem of financing mitigation and adaptation measures in developing countries within the United Nations Framework Convention on Climate Change and any post-2012 framework.

72. Even though the developing countries as a group were net capital exporters, owing to some countries' successful exports of manufactured goods, oil and minerals, external financing remained indispensable for poor countries to pay for additional imports of capital goods. It had been projected that annual flows of ODA to poor nations needed to be raised by at least $50 to $60 billion above their current level in order for the Goals to be met. In that connection, his delegation hoped that the financial and trade constraints faced by developing countries, as well as other concerns including debt and systemic issues, would be thoroughly dealt with at the Follow-up International Conference on Financing for Development.

73. **Mr. Mun** Jong Chol (Democratic People's Republic of Korea) said that North-South discrepancies and the negative impacts of globalization highlighted by the recent crises posed a challenge to achievement of the Millennium Development Goals. Developing countries should be allowed to choose their own development strategies and not be subjected to the type of neo-protectionist trade policies that had derailed the recent WTO negotiations. With regard to climate change, the Rio principle of common but differentiated responsibilities should be followed and the developed countries needed to fulfil their obligations under the United Nations Framework Convention on Climate Change and the Kyoto Protocol with respect to both reduction of greenhouse gas emissions and technology transfer to developing countries on favourable terms. United Nations agencies had an important role in strengthening South-South cooperation and creating an international environment favourable to developing countries, and United Nations agencies, including the United Nations Development Programme (UNDP), should not deviate from their mandates for political purposes.

74. **Mr. Khammanichanh** (Lao People's Democratic Republic) said that the financial, energy, food and climate crises threatened to reverse progress towards the internationally agreed development goals, including the Millennium Development Goals. With respect to the global food crisis, he noted the Secretary-General's call for increased investment and ODA for agriculture and stressed the need for implementation of the Rome Declaration on World Food Security, the establishment of a global food bank and an international food fund; and a global energy policy that did not compromise the fight against poverty and hunger. Climate change was a particular threat to the least developed countries and to small island developing States, and should be addressed on the basis of the principle of common but differentiated responsibilities. He called for a stronger partnership among Governments, the United Nations and the private sectors in promoting sustainable development implementation of the Bali Road Map and the conclusion of a post Kyoto agreement by 2009.

75. He hoped that the upcoming Doha Review Conference would reaffirm the commitments of all stakeholders to the Monterrey Consensus and called on the developed countries to meet ODA targets. He also called for an early conclusion to the Doha Round negotiations, full market access and support for capacity-building for the least developed countries and landlocked developing countries, and accelerated membership of such countries in WTO. His country had made progress towards reaching the Millennium Development Goals, but was still in need of greater assistance from the international community.

The meeting rose at 5.45 p.m.

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Summary record of the 6th meeting
Held at Headquarters, New York, on Wednesday, 8 October 2008, at 10 a.m.

Chairperson: Ms. Ogwu ..... (Nigeria)
later: Mr. Hoppe (Vice-Chairperson) ..... (Germany)
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08-54007 (E)

The meeting was called to order at 10.05 a.m.

General debate (*continued*)

1. **Mr. Bakir** (Iraq) said that he represented both Iraq and the Kurdistan region, the Government of which was committed to the achievement of stability and prosperity through adherence to the Constitution and the rule of law.

2. The people of Iraq faced the same difficulties as the rest of the world, but the nation's development would also depend on political dialogue, national reconciliation and reconstruction. Iraq was in a transitional phase, in which democracy, federalism and opportunity had replaced the horrors of dictatorship. Constitutional guarantees of fundamental rights and freedoms were essential to the establishment of a pluralistic state that would benefit all Iraqis. Diversity must be respected, but all must play their part in building the Iraqi State. The Iraqi people had been stifled by the former regime: all economic decisions had been centralized and regional governments had not existed. That situation had been reversed. The Kurdistan Regional Government was a shining example of how local government could operate within a federal Iraq. By avoiding sectarian differences, it had promoted growth for Arabs, Kurds, Turkmen, Chaldeans and Assyrians alike. It was to be hoped that other Iraqi leaders could follow the same model and that inclusive governance could be a catalyst for economic development. A conference on that topic had recently been held in Erbil, attended by the seven northern governorates. Governors and other officials had had the opportunity to express their views on the issues most important to their constituents.

3. The people of Iraq were grateful to the United Nations and fellow Member States for their contributions to the development of Iraq. The International Compact with Iraq was a mechanism whereby the international community could be involved in improving the lives of the Iraqi people. Some nations had decided to forgive the country's debts, while others had helped with reconstruction. The Kurdistan Regional Government, for its part, had reached out to neighbouring countries, particularly its Arab neighbours, and was happy that firms based in the Gulf were beginning to invest in the country. Such investment was a centrepiece of the Government's economic strategy. He also paid a tribute to the United Nations Assistance Mission for Iraq, which had conducted workshops and training initiatives. There was an inherent, logical connection between education, at every level, and economic development.

4. The Kurdistan Regional Government had worked tirelessly with the Government of Iraq to maintain security, encourage development and promote democracy. The strategy had been a resounding success. The emphasis on foreign and national investment, agricultural reconstruction and attention to the immediate needs of society had created opportunities that had long been unavailable to the Iraqi people. Specifically, the Government strove to develop its human resource capacity, maintain a transparent and accountable government, develop infrastructure, improve the delivery of government services, empower women and pay due attention to the environment. The more such activities could be replicated throughout the country, the more surely all Iraqis would attain prosperity and security.

5. **Ms. 'Utoikamanu** (Tonga) said that, as a small island developing State, Tonga faced development challenges that it could not solve on its own. Although it strove to be self-sufficient, it relied on the goodwill of donor countries and partners to strengthen its capacity for sustainable development. As for the wider picture, her delegation hoped that the honest discussions at the High-level Event on the Millennium Development Goals would further the attainment of the Goals by 2015. Political will and international cooperation were the key. Such cooperation had, unfortunately, been lacking when the Doha Round had been suspended. Her Government had joined the World Trade Organization (WTO) to take its place amongst the world's trading nations. No effort should be spared to restart the talks.

6. One of Tonga's key concerns was the development of agriculture and rural development. With the help of development partners and regional and international financial institutions, Tonga had embarked on programmes to improve access to basic services, to increase the country's ability to cope with natural disasters and to promote equitable access to natural resources and technology.

7. The fisheries sector was also crucial for the Pacific small island developing States. Several of the atoll States in the region had limited land but vast marine resources. The region needed to develop its national fishing industries and, at the same time, deal

with the negative impact of by-catch, discards, illegal or unreported fishing and overfishing. There were many possibilities for progress, including cooperative market arrangements for subsistence fishermen and community aquaculture.

8. Climate change had had an enormous impact on sustainable development in Tonga, depleting its limited resources. Much of the rural population suffered greater hardship as a result of more frequent and intense tropical cyclones. Changes in sea level would affect small, low-lying atolls and high temperatures would facilitate the spread of disease. Such phenomena were exacerbated by the sharp increase in the price of imported food and fuel. Climate change threatened the very survival of Tonga. In that connection, she drew attention to a draft resolution on the threat of climate change to international peace and security co-sponsored by the Pacific small island developing States. The continuity of the lands and survival of the region's people was central to the study of the relationship between climate change and sustainable development. With the loss of their ancestral lands, the Tongan people would face the tragedy of dislocation and forced migration. In other words, the very concept of sustainable development was no longer a certainty for small island developing States; the islands were sinking. She urged all Member States to support the draft resolution, which would be submitted to the plenary rather than the Second Committee, owing to the security implications of the effects of climate change. Indeed, the Security Council would be the most effective and appropriate body to address the issue. Her delegation was confident that the draft resolution would not interfere with the negotiation process under the United Nations Framework Convention on Climate Change or with the funding sources for sustainable development. On the contrary, it should strengthen the existing framework of climate change mitigation and adaptation.

9. **Mr. Palihakkara** (Sri Lanka) said that the global financial crisis imposed additional pressure on developing economies, which were already grappling with soaring food and energy prices. There was a risk that the momentum built up over the past years — and the progress towards the realization of the Millennium Development Goals — would be reversed. Over a billion people across the world suffered from chronic hunger; the recent sharp rise in food prices would aggravate the situation. The acreage of arable lands clearly needed to be increased and it was a mistake to sacrifice such land to grow biofuels. Moreover, efforts should be made to provide improved seeds, ensure timely fertilizer supplies and invest in agricultural research and better infrastructure. His Government had launched a number of initiatives to empower small and medium-sized farmers, including a scheme to provide fertilizers, at a cost of US$ 138 million in the first half of 2008. In that connection, the leaders of the South Asian Association for Regional Cooperation had decided, at their recent summit in Colombo, to establish a food bank to augment global efforts on food security.

10. The widening disparities in international trade, poor investment flows to developing countries, the technological and digital divide and irregular migration were all problems requiring practical solutions. The developing countries would be the hardest hit, if urgent measures were not implemented to correct deficiencies in macroeconomic policies. The vicious cycle of inflation and unemployment could be broken only if investment was increased and local production stimulated. In fact, however, official development assistance (ODA) had declined in 2007, for the second consecutive year. Even a sudden escalation of aid flow would not compensate for the failure to provide continuous and predictable ODA. Such assistance targets should be met in full.

11. Developing countries should accelerate growth in order to close the widening gap between rich and poor. Stringent measures imposed by other countries, however, prevented them from obtaining access to the necessary development aid, investment opportunities or export markets. That was a disturbing trend, which should be redressed through open rules-based, predictable and non-discriminatory trade and financial policies. What most developing economies, especially those of middle-income countries like Sri Lanka, needed was assistance with fair trade.

12. International migration was an issue with far-reaching social and economic consequences for the sending and receiving States, and for the migrants themselves. The issue should form an integral part of international development strategies and the welfare of migrants and their families should be addressed as a matter of priority. International regimes to protect and promote migrants' rights should be complied with. Migrant remittances, which were private funds, should not be considered a substitute for ODA.

13. Development was meaningless unless the sustainability of the natural environment was assured. The increasing magnitude and frequency of climate-related disasters indicated that it would be prudent to revisit economic development policies. The effect of climate change had aggravated the food and energy crises. A more balanced and careful approach to environmental policies should, therefore, be taken and there should be enhanced international cooperation in the field of disaster reduction.

14. Against the odds, many developing countries still possessed the potential for stronger development, if their natural resources were properly used. Regrettably, such resources were too often misused. These should be an internationally agreed trade-off for the forest cover and biodiversity in developing countries that created a critical buffer reducing greenhouse gas emissions and combating desertification. More should be done to transfer technology and know-how to developing countries.

15. His delegation appreciated the development assistance that it continued to receive. Its primary focus, however, was on self-reliant growth and development. Over the years, the growth rate in Sri Lanka had averaged 6 per cent, despite two decades of terrorism and the vagaries of the external environment. Much had been achieved. Free educational facilities, school meals and free textbooks for students, together with scholarships for needy students, had resulted in over 95 per cent primary school enrolment and retention rates and a 95 per cent literacy rate among young people. A free health service had increased life expectancy, lowered child mortality and enhanced maternal care. If such progress was to continue, all development partners should assume continued investment, trade flows, and personal contacts.

16. **Mr. Mahiga** (United Republic of Tanzania) said that his country was concerned about the slowing of global growth and considered that the challenge to all developing countries was to survive the adverse environment by maintaining economic growth and stabilizing the inflationary pressures arising from the global crisis.

17. His Government was pursuing legal, regulatory and institutional reforms to improve the investment climate and promote growth and good governance. The country's macroeconomic performance had been positive since the late 1990s and, in recent years, it had reduced its dependence on ODA. It considered that economic growth should be accompanied by equity measures to reduce the gap between rich and poor and had made major progress towards universal primary education and increased school enrolment; the current emphasis was on producing more and better teachers. It had also made some advances in the health sector and was taking measures to address the issue of decent and productive work.

18. A political declaration had been adopted at the High-level Meeting on Africa's Development Needs and the United Republic of Tanzania hoped that the Secretary-General would submit to the General Assembly a comprehensive report with recommendations on the implementation of the corresponding commitments.

19. Given the new challenges, the strategies for achieving the Millennium Development Goals (MDGs) needed to be redefined. The High-level Event on the Millennium Development Goals had called for renewed political commitment and action to mobilize additional resources. Science and technology played a crucial role in the achievement of the MDGs and other internationally agreed goals. Therefore, technology transfers were required in order to disseminate appropriate technology in developing countries. With regard to the environment and climate change, his country urged strict adherence to international conventions and appropriate responses to adaptation and mitigation measures.

20. The Follow-up International Conference on Financing for Development should not be a routine review of previous commitments, but a rethinking of how to tackle the unanticipated challenges facing the international community so as to establish a new basis for future actions. It was evident that fair trade was the engine of growth for developing countries and the United Nations, in partnership with other multilateral organizations, should mobilize the political will to resume the stalled trade negotiations.

21. **Mr. Valero** (Bolivarian Republic of Venezuela) said that the global crisis of capitalism, which had become a multidimensional catastrophe affecting the finance, food, energy and environment sectors, illustrated the need to develop alternative systems. Bolivarian socialism was one of the most relevant. The current crisis sprang from voracious capital accumulation, ambition and the absence of a national

regulatory framework. Nevertheless, the underlying cause was the application of neo-liberal structural adjustment policies, which had led to the transfer of wealth from the workers and the middle class to the wealthiest members of society in the belief that the rich would make productive investments to create more goods, services and employment leading to prosperity for all. That had proved to be wishful thinking: poverty had increased and consumption had declined, with negative effects on all humanity.

22. The environmental crisis, revealed by global warming and climate change, was related to the anti-values of the existing system. Human beings and nature had become mere production resources, leading to increased poverty and environmental degradation. Capital accumulated in the hands of the few was reflected in the destruction of rivers, oceans, lakes and forests and physical and spiritual poverty.

23. Those who had brought the world to the brink of catastrophe should not be the leaders of the new world order. The Bretton Woods institutions, the other multilateral organizations, and the dominant Governments of the world should assume their responsibility in the current crisis. The United States of America and its speculative financial institutions bore special responsibility and should not attempt to transfer the devastating effects of the crisis to other countries and peoples, particularly the countries and peoples of the South. Consequently, the United Nations must assume responsibility for the design of the new world order, within a framework of multi-polarity, equity, justice, multiculturalism and respect for the dignity of man and nature.

24. **Mr. Baatar** (Mongolia) said that the unprecedented challenges currently facing the world called for countries to act collectively. The international community, meanwhile, must mobilize the resources needed for a global response. The failure of the Doha Round had hindered efforts to forge a genuine global partnership for development. Rising food prices, meanwhile, made it even harder for poor countries to achieve internationally agreed development goals within agreed time frames and, in many cases, had caused social instability and unrest. He commended the international community on its efforts to address the global food crisis, in particular the concrete steps taken by United Nations system organizations to mitigate its impact on the vulnerable.

25. Stressing the importance of national efforts to revive domestic agricultural production, he said that, as a result of its nationwide crop rehabilitation drive, Mongolia had reduced its dependency on wheat imports from 70 per cent in 2007 to 50 per cent in 2008 and hoped to be self-sufficient by 2010. Given the legitimate concern among developing countries that the current financial crisis would cause a global economic downturn, his delegation proposed holding a series of dialogues or meetings to review the international financial architecture, so as to prevent similar crises in the future.

26. Mongolia remained committed to the full implementation of the Millennium Development Goals (MDGs) by 2015. At the High-level Event on the Goals held in September 2008, world leaders had reiterated their commitment to the Goals. Furthermore, new financial pledges had been made, existing initiatives given fresh impetus and new efforts to eradicate extreme poverty announced. However, the global food and fuel crises threatened to reverse progress towards the Goals in many developing countries. His delegation was particularly concerned about the wide disparities within and among regions. According to the Basic Capabilities Index 2008, the Goals would not be achieved by 2015 at the present rate of progress. Pledges and commitments must therefore be accompanied by actual deeds. Mongolia expected to achieve two thirds of its targets by 2015. To achieve all the Goals, its national efforts must be actively supported by the international community.

27. The High-level Meeting devoted to the midterm review of the Almaty Programme of Action had provided an invaluable opportunity to review progress and share lessons learned. He hoped that the Committee would identify ways to accelerate implementation of both the Almaty Programme of Action and the related General Assembly decision. He reiterated his Government's proposal to establish, in Mongolia, an international think tank to enhance the analytical capability of landlocked developing countries and thereby improve the coordination of efforts to implement the Almaty Programme of Action. He called on relevant international organizations and donor countries to assist in that regard.

28. The worst effects of climate change could be avoided if genuine collective action was agreed in the coming years. Developing countries contributed the least to, but were expected to suffer the most from,

climate change. The principle of common but differentiated responsibilities should be at the heart of any post-2012 emission reduction framework, as should commitments by developed countries to facilitate the transfer of clean and renewable technology and provide financing and capacity-building for developing countries in their mitigation and adaptation strategies. It was hoped that the North-East Asia summit on climate change that Mongolia planned to host in 2009 would contribute to the agreement to be reached in time for the fifteenth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change, to be held in Copenhagen in December 2009.

29. *Mr. Hoppe (Germany), Vice-Chairperson, took the Chair.*

30. **Mr. Matenje** (Malawi) said that the High-level Meeting on Africa's Development Needs and the High-level Event on the Millennium Development Goals, held in September 2008, and the midterm review of the Almaty Programme of Action, held in October 2008, had offered world leaders an opportunity to renew their commitment to address the challenges raised by the current global crises. The Committee should translate the outcomes of those meetings into practical, tangible and measurable decisions aimed at eradicating poverty, particularly in the least developed countries.

31. It was not beyond the international community's capabilities to solve the global food crisis. For the least developed countries, whose economies were predominantly agricultural, the solution was to be found in agricultural production and food security. It was a matter of concern that aid agencies continued to oppose the subsidization of agricultural and food production in the least developed countries, even though the high cost of agricultural inputs prevented poor farmers in such countries from producing food for themselves. The World Bank and other aid agencies should seriously consider making agricultural subsidies an integral part of their development and aid policy towards developing countries, particularly the least developed countries. That was the most effective way to make agricultural inputs affordable for poor farmers, increase food production and improve food security.

32. Malawi's agricultural input subsidy programme had produced outstanding results in its three years of existence. Malawi was able to produce its own food and had demonstrated that such a programme, if well managed, could assist poor farmers in producing their own food and ensure food security for the whole country without the need for costly imports. Malawi was therefore determined to pursue the programme until such time as it reached sustainable food security levels. He called on Malawi's development partners to scale up their investment in agriculture and to share their research, science and technology relating to agricultural production and processing with the least developed countries.

33. Owing to their marginalization in international trade, most developing countries would be unable to achieve the MDGs and other internationally agreed development goals. In that regard, the collapse earlier that year of the Doha Round, which was crucial to achieving global welfare and reducing poverty, was a matter of great concern. He urged industrialized countries to demonstrate the spirit of compromise and political will needed to ensure the resumption and successful conclusion of the Round. His Government hoped that the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, would generate the necessary political will and pave the way for an early resumption of the Round.

34. Lastly, Malawi, like other least developed countries, remained at the mercy of the vagaries of climate change. Agricultural production in many developing countries had been adversely affected by erratic rainfall, persistent droughts and floods. Countries such as Malawi which had agricultural economies had been hit hardest, even though their contribution to greenhouse gas emissions was negligible. His delegation supported the principle of common but differentiated responsibilities and respective capabilities as the basis for collective efforts on climate change mitigation and adaptation and looked forward to the successful outcome of the fourteenth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change, to be held in Poznań in December.

35. *Ms. Ogwu (Nigeria) resumed the Chair.*

36. **Mr. Bodini** (San Marino) said that the current financial crisis was fast becoming a global tsunami whose repercussions were yet to be defined. San Marino did not have the ability or the instruments to defend itself against the consequences of such devastation and would therefore approach discussions

during the current session in an open and pragmatic manner. As others had pointed out, the financial turmoil would impact efforts in a wide range of areas, including the MDGs, climate change, food, water and energy. Efforts must be redoubled if the expectations of billions of people in need were to be met.

37. Member States should not wait until the next Annual Meeting of the World Economic Forum or any other meeting to learn from the media how to solve their common problems, but should make the General Assembly the focal point for new and universal ideas on how to address the financial crisis. The Assembly was the most representative body and, therefore, the forum most qualified to discuss the issue in a fair and effective way. The Committee should, therefore, consider addressing the global financial crisis during the current session.

38. **Mr. Khaleel** (Maldives) said that, in view of the current global financial and economic turmoil, the United Nations should renew its efforts to design a global economy that addressed inequality and redressed global imbalances in finance and trade regimes. An early and successful completion of the Doha Round and a constructive outcome to the Follow-up International Conference on Financing for Development were crucial in that regard.

39. Upon joining the United Nations in 1965, Maldives had been one of the poorest countries in the world. Since then, it had made considerable socio-economic progress, successfully pursuing a people-centred path of sustainable development based on social equity, poverty eradication, economic growth, environmental protection and good governance. Moreover, it had fully incorporated the Millennium Development Goals into its development priorities and was on track to attain most targets by 2015.

40. Sustaining that development was proving to be an immense challenge in the face of continuing global environmental degradation. For Maldives, climate change was an everyday reality that forced it to divert its limited resources away from strategic development towards recovery and reconstruction. Small island developing States such as Maldives contributed least to, but were threatened most by, global warming.

41. The international community had an obligation to address the injustices of climate change. A comprehensive rights-based approach to sustainable and just development, anchored in the concept of common but differentiated responsibilities, was essential. In that connection, he welcomed the Human Rights Council's recognition, earlier that year, of the link between human rights and climate change. The Council would formally discuss the issue at its tenth session in March 2009; he hoped that the secretariat of the United Nations Framework Convention on Climate Change would give due consideration to the outcome of that discussion as it worked to ensure an effective and equitable successor to the Kyoto Protocol.

42. The General Assembly had taken note of the recommendation of the Committee for Development Policy that Maldives be graduated from the group of least developed countries on 20 December 2004. However, in view of the extensive damage caused by the Indian Ocean tsunami just six days later, it had later decided to defer the commencement of its three-year smooth transition period until 1 January 2008. In that connection, he was pleased to report that, in accordance with General Assembly resolution 59/209, his Government had established, in cooperation with its development and trading partners, a consultative mechanism to facilitate the preparation of the transition strategy. Two dialogues had been held thus far, one on the Maldives Partnership Forum, in 2006, and the other on national adaptation to climate change and investment opportunities in Maldives, in 2007. The 2008 Forum would focus on the graduation of Maldives from the list of least developed countries and on the formulation of economic policies and strategies aimed at addressing the challenges of middle-income-country status. As a least developed country, Maldives had received considerable support from its development partners. He was confident that the international community would demonstrate the same spirit of cooperation and partnership when Maldives ceased to possess least-developed-country status.

43. **Mr. Naeemi** (Afghanistan) said that the current global crises posed difficult challenges for developing countries, particularly the least developed and post-conflict countries. The United Nations had a multi-faceted role to play in promoting economic and social development, including policy formulation and negotiation of international standards, goals and commitments; development cooperation to facilitate the realization of international goals and commitments; and monitoring of the implementation of those commitments.

44. Further analysis and policy formulation was required in many areas and the mechanisms in place for implementing and monitoring the internationally agreed development goals, including the Millennium Development Goals, must be strengthened. The international community also needed to take fully into account the specific challenges facing least developed countries, landlocked developing countries and post-conflict countries and to develop an effective global response in order to improve the situation in such countries.

45. **Mr. Al-Sabah** (Kuwait) said that the current global crises were likely to prevent many countries from achieving the Millennium Development Goals. For its part, Kuwait had made excellent progress in implementing its international commitments and had adopted a number of initiatives with a view to restructuring its national economy and further developing trade and investment activities.

46. Kuwait had adopted a generous policy of assistance to developing countries, including the establishment, in 1961, of the Kuwait Fund for Arab Economic Development, which had contributed more than $12 billion to fund infrastructure projects in over 100 countries. Kuwait continued to make voluntary contributions to many international and regional organizations working to provide humanitarian and relief assistance and had, in December 2007, decided to allocate to the specialized organizations working in the field, 10 per cent of every donation which it made to countries afflicted by disaster. Kuwait had also donated US$ 150 million to the Decent Life Fund established during the most recent summit of the Organization of Petroleum Exporting Countries.

47. His delegation was deeply concerned about the current financial crisis and encouraged Committee members to focus on finding solutions at the current session. It also hoped that the Follow-up International Conference on Financing for Development would help determine the causes of the crisis and thus help prevent its recurrence.

48. **Ms. Heimer** (Nauru) said that the international community needed to address the current global crises as quickly and effectively as possible by drafting consensus resolutions that were less concerned with budgetary implications than with helping those in dire need. Climate change was a particularly serious issue for small island nations, whose sustenance came mainly from the sea; mass migrations from such regions, if water submerged the land, were likely to pose a serious security challenge to the world before the end of the century.

49. The core responsibility of each country was to its citizens; however, while the global financial and food crises affected all nations, the poor shouldered an unfair burden. Once the far-reaching effects of the financial crisis were clear, and if the global economy was not able to correct itself, the international community must step in with all necessary assistance, starting with coordinated and responsible worldwide market regulation, in order to prevent a similar crisis in the future.

50. The Follow-up International Conference on Financing for Development must be treated as an opportunity to hold productive talks, including on debt reduction measures. The talks should focus on the needs of Pacific small island developing States and least developed countries, rather than those of Africa alone.

51. Sustainability was key in overcoming each of the global crises. However, supplying funding for sustainable agricultural technologies was only half as important as providing the skilled workers capable of implementing and monitoring them. Green technologies would not only reduce dependence on non-renewable resources, but also provide jobs for people across the globe.

52. **Mr. Martirosyan** (Armenia) said that in the past year Armenia had held parliamentary and presidential elections and had continued aggressive reform of its economy and efforts to strengthen its security and reduce poverty, especially in rural areas. In the most recent UNDP Human Development Index, Armenia ranked highest among the countries in the region. Nevertheless, the current financial crisis could undermine Armenia's significant efforts by creating a widespread recession. Despite having little to do with the origins of the crisis, emerging economies were extremely vulnerable to a sudden halt in international capital flows. Decline in aggregated demand for commodities could also affect the economic performance of developing countries and economies in transition. Finally, his Government was concerned that a sharp decline in remittances, on which such countries were heavily dependent, would jeopardize sustainability of economic growth. He hoped that

donor countries would be able to maintain the level of assistance needed and exercise more flexibility in debt restructuring.

53. The diversification of energy sources and transit routes would remain high on the global development agenda. Armenia, located in the volatile Caucasus region, had been acutely aware of the importance of such diversification since its independence. The Iran-Armenia gas pipeline had very recently become operational and construction was to begin shortly of an Armenian nuclear plant. Armenia was co-sponsoring the draft resolution on reliable transit of energy (A/C.2/63/L.3).

The meeting rose at 11.50 p.m.

United Nations A/C.2/63/SR.7

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Held at Headquarters, New York, on Monday, 13 October 2008, at 10 a.m.

Chairperson: Ms. Ogwu ..... (Nigeria)
later: Mr. Hoppe (Vice-Chairperson) ..... (Germany)

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08-54633 (E)

The meeting was called to order at 10.05 a.m.

Agenda item 47: Macroeconomic policy questions

(b) International financial system and development (A/63/96)

(c) External debt and development: towards a durable solution to the debt problems of developing countries (A/63/181)

(d) Commodities (A/63/267)

1. **Mr. Montes** (Chief, Policy Analysis and Development Branch, Department of Economic and Social Affairs) introduced the report of the Secretary-General on the international financial system and development (A/63/96) and made a number of additional comments in light of the current financial crisis.

2. With regard to the continued increase in net resource outflows from developing to developed countries, he said that the pattern whereby the poor were funding the consumption of the rich should have acted as an early warning of the current financial crisis and was clearly unsustainable in the long term. Moreover, the practice whereby emerging economy Governments took long-term equity positions in developed countries' financial markets through their sovereign wealth funds had recently ceased, owing to the continued disintegration of those markets.

3. With regard to the substantial increase in private capital flows to developing countries, he cautioned that, historically, such flows had been volatile and subject to reverses during periods of recession. That was evident today with the higher London Inter-Bank Offered Rate (LIBOR), the increase in emerging country spreads and the plunging stock market values in countries with emerging economies.

4. Lastly, he noted that paragraphs 36 and 38 of the report, in particular, had been validated by recent events and drew attention to the related recommendations contained in paragraphs 75 and 76.

5. **Ms. Li** Yuefen (United Nations Conference on Trade and Development (UNCTAD)), introducing the report of the Secretary-General entitled "Towards a durable solution to the debt problems of developing countries" (A/63/181), said that the favourable global economic conditions that had underpinned developing countries' improved external debt situation were facing significant downside risks owing to the ongoing financial crisis in a number of major developed countries. Thus far, the financial contagion from developed to developing countries had been limited. Some developing countries with current account surpluses had bought toxic assets and endured losses, but those losses had not been sufficient to cause liquidity problems in their financial system. However, owing to increased integration in the global economy, the crisis would affect the financial sector and real economy of developing countries. The credit crunch would reduce investment worldwide, an economic slowdown in developed countries would weaken demand for commodities and manufactures, remittances would fall and tourism would suffer. In short, no country could escape the expected economic slowdown. In view of the fact that the poorest would be hit the hardest, the Trade and Development Board of UNCTAD would be holding an executive session in November 2008 to discuss, inter alia, the implications of the crisis for developing countries.

6. By reviewing recent developments, the report of the Secretary-General (A/63/181) gave an insight into how the financial crisis might affect developing countries' external debt situation and development. The fact that the external debt-to-Gross National Product (GNP) ratio of developing countries and countries with economies in transition had dropped to 24.4 per cent in 2007 and that, owing to a significant accumulation of international reserves by some countries, by 2008 developing countries and countries with economies in transition as a group had no net external debt did not mean that external debt was no longer a problem. Averages and aggregates hid and even distorted many real stories. For example, the external debt-to-GNP ratio for 2007, though 24.4 per cent for developing countries and countries with economies in transition as a group, had been 40.9 per cent for Europe and Central Asia. Furthermore, smaller and poorer countries tended to have more net external debt.

7. More importantly, the underlying forces that had driven those improvements in debt ratios might become less powerful or even disappear altogether in the future. The first underlying force was high economic growth in developing countries, partly as a result of high commodity prices. The current economic downturn was likely to reverse that trend. As global demand contracted, manufactures exporters in developing countries would see worsening terms of

trade and, therefore, a decline in export revenue. Compounded by food and energy insecurity, the picture was far from bright. In fact, signs of deterioration in developing countries' external positions had begun to surface during 2007, while private flows to developing countries had begun to slow down in late 2007/early 2008.

8. The second underlying force concerned changes in debt structure and composition as a result of countries turning increasingly to domestic public borrowing. However, the current downturn was likely to have an adverse effect on the fiscal position of developing countries, since risk aversion by commercial banks and foreign institutional investors would make it more difficult and more costly to raise domestic funds.

9. The third underlying force related to international debt relief initiatives, namely the Heavily Indebted Poor Countries (HIPC) Initiative and the Multilateral Debt Relief Initiative (MDRI). However, debt relief was likely to be reversed in coming years, as debt write-offs under the HIPC Initiative were set to decline.

10. In view of the above, debt sustainability was even more important than ever. As noted in paragraph 18 of the Secretary-General's report, the 2007 HIPC Initiative and MDRI status of implementation report suggested that more than half of the post-completion point countries were still considered to have either a moderate or a high risk of debt distress and only 10 out of 22 post-completion point countries had graduated to the low-risk category. Since debt sustainability was also an issue for low- and middle-income countries, debt relief efforts should not discriminate among different groups of countries.

11. As noted in paragraph 22 of the Secretary-General's report, the increase in aggregate official development assistance (ODA) up until 2005 had been driven by debt relief, which was included in total ODA data, and by a few countries in special circumstances. Since then, ODA had declined in real terms. The 8.4 per cent decline of ODA in 2007 was significant enough to cause concern. It also proved that, contrary to the provisions of the Monterrey Consensus, debt relief had not been fully financed through additional resources. Furthermore, if current aggregate ODA was compared to the commitments made since the Millennium Summit and to the 0.7 per cent of GNP target, it was clear that most donors were not on track to meet their commitments. Aid effectiveness also needed to be improved further. More — and more effective — ODA was essential if low-income countries were to attain the Millennium Development Goals.

12. Lastly, the current financial crisis might jeopardize the delivery of development aid to developing countries. Now more than ever, the spirit of Monterrey must be preserved and the global partnership for development strengthened, so as to ensure that the crisis did not diminish efforts to achieve internationally agreed development goals, including the Millennium Development Goals.

13. **Mr. Rahman** (United Nations Conference on Trade and Development (UNCTAD)), introduced the report of the Secretary-General on world commodity trends and prospects (A/63/267), which discussed, inter alia, the sustained upward trend in commodity prices since 2002, the reasons behind that trend and the impact on developing countries. It was important to note that, in the case of most commodity groups, prices were not at an all-time high in either nominal or real terms. Furthermore, the depreciation of the dollar — the currency in which commodity prices were quoted — had made prices seem higher than they actually were.

14. Global financial turmoil had intensified since the issuance of the report. Investors were abandoning commodities, causing shares to plummet. The forecasted decline in global growth was also a concern; if high growth had pushed commodity prices up, low growth would surely bring them down. Another factor was the stronger dollar; even if a commodity's real value did not change, the nominal price in current dollars would be lower. Against such a backdrop, prices were set to fall.

15. Looking ahead, the main areas of concern from the perspective of commodity-exporting countries would continue to be the unfair distribution of the gains from higher commodity prices and their lack of control over commodity supply chains and, therefore, prices. In addition, many countries would continue to face issues relating to food and energy security, meaning food demand would increase. About 50 countries had only three months' worth of reserves to pay for imports; they would need the most support from the international community. ODA must not be allowed to fall victim to financial belt-tightening.

16. **Mr. Blake** (Antigua and Barbuda), speaking on behalf of the Group of 77 and China, asked how developing countries should proceed, given the mixed picture that had been painted. The issue was particularly important in view of the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, to be held in Doha in late November.

17. *Mr. Hoppe (Germany), Vice-Chairperson, took the Chair.*

18. **Mr. Lolo** (Nigeria) asked how developing countries should respond to the depreciation of the dollar, given that commodity prices had not changed as much in real terms as they had in nominal terms. He also requested more information about the problem of debt stock management. The upcoming Follow-up International Conference on Financing for Development must not be a mere talking shop, but must result in substantive commitments in key areas and send a clear message to poor countries that the international community cared about them.

19. **Ms. Houngbedji** (Benin) asked what the future of the market economy would be. In view of the current international crisis, she would also like to know how it was possible to ensure that ODA levels were maintained, given that commitments had never been respected even when economies were strong.

20. **Mr. Montes** (Chief, Policy Analysis and Development Branch, Department of Economic and Social Affairs), responding to the question regarding lessons to be learned from the crisis, said that the conclusions of the report of the Secretary-General (A/63/96, paras. 75-80) were still valid, despite the further deterioration of the crisis. The failure of Lehman Brothers, for example, amply demonstrated the need for a cooperative and multilaterally coordinated approach to regulatory reform in the financial sector, since it was in essence the lack of synchronization between the regulatory systems of the United States and United Kingdom that had led to the investment bank being allowed to file for bankruptcy. The Follow-up International Conference on Financing for Development would provide an opportunity to achieve progress on the various recommendations contained in the report.

21. In response to the question on debt management posed by the representative of Nigeria, he reiterated that developing countries were now net creditors to the whole financial system. As mentioned in the Secretary-General's report (A/63/96), the sovereign wealth funds of various developing countries had initially invested capital in the private investment banks that were now to be recapitalized by governments. Developing countries therefore had an abiding interest in a rules-based and impartial debt workout system; while the current system was controlled by the Paris Club, developing countries needed to be involved in its restructuring.

22. **Ms. Li Yuefen** (United Nations Conference on Trade and Development), responding to the representative of Antigua and Barbuda, said that the Committee should consider the issue of debt management by poorer developing countries. The improvement seen in overall debt ratios had mainly been attributable to some larger debtors, especially middle-income countries, which had taken advantage of low interest rates to retire their debt early, as well as to some commodity-producing countries that had benefited from improved conditions owing to their physical resources. Debt management would pose greater challenges in future years for smaller, poorer developing countries, since their narrower tax bases, undiversified economies and other weaknesses made them more sensitive to external shocks. Some developing countries had begun to borrow on their home markets in recent years, but would find it hard to roll over that debt, since liquidity had dried up on both domestic and international markets.

23. With regard to ODA, empirical studies had shown that such flows were not particularly sensitive to short periods of financial crisis but were highly correlated to the global economic growth rate. Since global economic growth forecasts were being downgraded, the probability was that ODA would also drop, which had in fact already started to happen. Since donors tended to become more inward-looking during times of crisis, it was the task of the Committee, and the Follow-up International Conference on Financing for Development, to warn against that tendency and call on developed country partners to honour their commitments. The globalized and integrated nature of the world economy meant, moreover, that developed countries also stood to benefit from a better debt situation in developing countries.

24. **Mr. Rahman** (United Nations Conference on Trade and Development), responding to the question about the future of the market economy, said that both

markets and governments were needed. Markets did not work perfectly and, when they did not, ordinary people often suffered the most. With regard to the Follow-up International Conference on Financing for Development, it would be important to bear in mind that around 50 small commodity-producing countries — some of them net food importers and most of them net energy importers — were in a serious predicament owing to the interlinked nature of the various crises. If, for example, they wanted to increase their food production, they needed to invest more in fertilizers and energy, which had also become more expensive. Many of them had no way of solving the problem by themselves and would have to depend on ODA for their continued progress.

25. **The Chairperson** invited the Committee to engage in a general discussion on the item.

26. **Mr. Blake** (Antigua and Barbuda), speaking on behalf of the Group of 77 and China, said that the current situation, in which the global economy was facing a significant economic downturn and the financial crisis had intensified into a broad-based crisis, illustrated the lack of capacity and legitimacy of international institutions to promote and facilitate coordinated responses. In that regard, it was noteworthy that the first coordinated action among the central banks of the major economies had not occurred until well after individual countries had begun to take isolated actions, which had proved inadequate to curb the spread of the financial and economic crisis. Developing countries had for many years been pointing out that the international development agenda, and in particular the achievement of the internationally agreed development goals, including the Millennium Development Goals, was being undermined by uncoordinated and incoherent policies and policy actions.

27. Those long-standing challenges, compounded by the multiple global crises now facing the international community, significantly increased the relevance of the Committee's work on all the macroeconomic policy questions before it. The Secretary-General's reports had pointed to significant volatility in all those areas, making it all the more difficult to discern policy conclusions.

28. Increasingly, the Committee's resolutions on macroeconomic policy questions were less action-oriented and adopted with less urgency The Group of 77 and China would therefore continue to articulate the substantive elements of the policy directives that the General Assembly should issue through the Committee. With the current situation requiring even greater cooperation among Member States in order to address major macroeconomic challenges, and with the crisis now spreading beyond the financial sphere, the United Nations must position itself to search for collective, multidimensional solutions.

29. Given that the world was facing a major agricultural crisis arising from inappropriate agricultural and trade policies, the work of the Committee should prioritize food security and agricultural development, ensuring that the current crisis was not only addressed as an emergency but also in a coherent and coordinated way for the long-term transformation and development of the agricultural sector. It was, moreover, vital to take due account of the perspectives of developing countries, as well as to deal with the problems relating to the workings of the international trading system and trade policies, especially in relation to commodities. The loss of markets, both domestic and international, had also been a major problem for developing countries over the past two decades, before the onset of the crisis, and strong signals were needed to ensure that developing countries' products were not driven out of the commodities markets when production recovered in developed countries. Such measures would increase the development and poverty reduction impact of commodity trade.

30. While the Follow-up International Conference on Financing for Development provided an ideal opportunity to address all the relevant macroeconomic issues in depth, it was also critical for Member States to show the necessary political will. The current economic and financial crisis posed a major challenge to the achievement of the objectives of the Monterrey Consensus, and if that were not recognized, and corresponding action were not taken, the Conference would be a failure.

31. **Mr. Delacroix** (France), speaking on behalf of the European Union, said that the European Union reaffirmed its commitment to the implementation of the Monterrey Consensus. It was only through a genuine spirit of partnership and joint participation that the objectives of the Monterrey Consensus could be achieved.

32. The adoption of the outcome document of the Follow-up International Conference on Financing for Development would conclude the review process carried out by the co-facilitators, while a number of other meetings held in 2008 — from the special high-level meeting of the Economic and Social Council to the recent high-level events held during the general debate of the plenary Assembly — would also enrich its discussions. It was vital to take into account the major changes in the global context and the acceleration in the pace of transformation that had been brought about by globalization. The current financial crisis highlighted both the interdependence of economies and the need to rethink regulatory mechanisms that no longer seemed adequate in the new globalized world. The European Union hoped that the outcome of the Follow-up International Conference on Financing for Development, to which it intended to make a substantial and constructive contribution, would be commensurate with the challenges.

33. As stated in the Monterrey Consensus, each country had primary responsibility for its own development and the role of national policies and development strategies could not be overemphasized. It was therefore crucial to establish a favourable environment, not only in terms of sound macroeconomic policies, good governance and transparency, among other factors, but also by combating corruption and tax evasion, and strengthening national tax systems so that the State in question could raise the revenues needed to finance development. The actions of the international community in support of such efforts would complement the measures taken by States themselves. Since foreign direct investment was also a vital complement to public investment, ongoing efforts were needed to foster a transparent, stable and predictable investment climate.

34. On the subject of international trade, the European Union was committed to securing an ambitious, balanced, comprehensive and development-oriented outcome to the Doha Development Round and achieving a global multilateral trading system based on open, non-discriminatory and equitable rules, which would require the commitment of all actors. It was also important to strengthen the Aid for Trade initiative and support the development of regional trade.

35. Reaffirming all its ODA commitments, the European Union believed that such development assistance had a unique role to play, particularly in terms of mobilizing other financial flows. The new aid architecture, with the emergence of new public and private donors and the development of South-South cooperation, as well as the quality of aid, should also be taken into account and innovative financing should be expanded.

36. Significant progress had been made on the implementation of the external debt provisions of the Monterrey Consensus; debt relief, among other factors, had helped to liberate additional national resources for public expenditure in areas of key importance for development and poverty reduction. That progress must be consolidated in order to meet the challenge of debt sustainability, enhance dialogue with emerging donors and address the issue of litigating creditors.

37. The food crisis highlighted the complexity of the factors contributing to food security and the need for a multidimensional and coordinated response in the short, medium and long term. A global partnership on agriculture and food would provide a forum for dialogue, coordination and mobilization of all relevant actors from developed and developing countries, including governments, the private sector, farmers and other experts. The fine work of the High-level Task Force on the Global Food Security Crisis to coordinate the actions of multilateral agencies should be continued. Bilateral agencies should follow its example and improve their own coordination.

38. The European Union was fully engaged in efforts to ensure the security and stability of the financial system; it was also committed to dealing with, and providing funding for, new and emerging issues, particularly in the areas of climate change and food and energy security.

39. **Mr. Talbot** (Guyana), speaking on behalf of the Caribbean Community (CARICOM), said that recent global developments leading to greater economic, political and social instability worldwide had made the task of achieving the macroeconomic goals of CARICOM a more difficult undertaking, and could reverse the gains made over the past decade.

40. Prudent macroeconomic policies underpinned the efforts of CARICOM member States to address some of the particular challenges the region faced and foster sustained development by creating a Caribbean Single Market and Economy. A coherent, facilitative and supportive international macroeconomic framework

was needed to attain the development goals of the region's small economies. CARICOM was therefore disheartened by the lack of significant progress in creating an international environment more conducive to growth and development and called for a special focus on the peculiar conditions of small, vulnerable economies.

41. The recent broad-based rise in commodities prices had improved the growth and development prospects of commodity-producing countries; however, the benefits had been offset by soaring fuel and food prices. Food and energy security were crucial to the CARICOM economies. High prices for agricultural products belied the rationale for farm subsidies and protection; global development initiatives should again accord preference to agriculture, particularly in view of its key role in poverty reduction. In that connection, the General Assembly should monitor proper implementation of the actions recommended by UNCTAD at its twelfth session and in the Comprehensive Framework for Action of the High-level Task Force on the Global Food Security Crisis.

42. Debt sustainability continued to be a significant macroeconomic hurdle for CARICOM countries. Increased demands for development funding had led already heavily indebted countries to resort to borrowing on commercial terms, with negative effects on all aspects of the economy and development. CARICOM called on the international community to examine the severe debt situation of small vulnerable States classified as middle-income or lower-middle-income countries, and to recognize CARICOM members as a special category of small, vulnerable, highly indebted middle-income countries.

43. Financing debt relief through additional resources was a central tenet of the Monterrey Consensus. However, debt relief had tended to take the place of aid flows; consequently, the creation of a mechanism guaranteeing a prompt resolution of debt crises and fair burden-sharing among creditors and debtors should be considered. In addition, CARICOM agreed that the Debt Sustainability Framework for Low-Income Countries should be reviewed to make it more responsive to a wider range of considerations.

44. Developing countries required greater access to stable and predictable sources of financing to achieve the internationally agreed development goals, since volatile aid flows made planning impossible. Regrettably, aid flows to the CARICOM region were declining. Innovative sources of financing for development were crucial but should complement — not replace — ODA. The developed countries should honour their long-standing commitments, including their obligation to attain the 0.7 per cent target for ODA.

45. The current food crisis illustrated the need for increased levels of aid. Many CARICOM countries had introduced food subsidies to mitigate the negative impact of higher food and oil prices on the poorest segments of the population; nevertheless, such interventions had often proved to be unsustainable. A system of regular, comprehensive review, perhaps within the framework of the Development Cooperation Forum, might be useful to ensure that aid was predictable, responsive and aimed at maximizing development results.

46. CARICOM joined the almost universal consensus on the need for reform of the international financial institutions, considering that factors related to their mandate and functioning had contributed to the current crisis. There was an urgent need for truly global and democratic institutions of economic governance, with mandates adapted to the current circumstances, and tools to discharge those mandates effectively. Moreover, they should be given the critical role of preserving financial stability, preventing systemic crises at the national, regional and global levels and providing an early warning system.

47. The growth of inequity and inequality threatened the development of transparent and democratic institutions and systems in the economic, political and social domains and increased the challenge for countries, including the members of CARICOM, to achieve their socio-economic objectives. The Follow-up International Conference on Financing for Development would provide an opportunity for increased cooperation in a globalized environment.

48. **Mr. Natalegawa** (Indonesia), speaking on behalf of the Association of Southeast Asian Nations (ASEAN), said that the type and effectiveness of the responses provided by the United Nations to the current challenges, particularly the financial crisis, would determine its relevance to the diverse economic interests in play. The depth and systemic nature of the crisis required a global effort to address it and ASEAN welcomed the recent commitments of the Group of

Seven (G-7) and the Group of Twenty Finance Ministers and Central Bank Governors (G-20) to work together in that regard. It was the task of the Second Committee to ensure that the United Nations made a difference. Its effectiveness would depend on measures undertaken at the national level; consequently, countries should ensure that their macroeconomic fundamentals were properly managed. Nevertheless, the international financial system should be so finely tuned that it could anticipate and avoid future financial crises. Accordingly, ASEAN members welcomed the proposal to hold a special session on the financial crisis.

49. The economic fundamentals of the ASEAN countries remained sound and they had responded to rising inflation with appropriate macroeconomic policies; moreover, their direct exposure to the deterioration of the credit markets in the United States and elsewhere was limited. ASEAN was moving towards implementing the Chiang Mai Initiative during the first half of 2009; building on existing bilateral swap mechanisms, it would provide short-term liquidity support through a self-managed pooling arrangement. Other regional integration and cooperation initiatives were also under way, and ASEAN was establishing a new high-level macroeconomic and finance surveillance office to help boost regional financial stability and accelerate regional integration.

50. The current financial crisis indicated the urgent need to reform the international financial architecture. Developing countries must be empowered to regulate capital flows to protect themselves against volatility. The timing of the Follow-up International Conference on Financing for Development was opportune; the Conference should address systemic issues in the international financial sector. Furthermore, the threat of global recession had heightened the concern of ASEAN about the continuing impasse in the Doha Round and it called for action by all members, but particularly the major players. ASEAN also supported the early accession of the Lao People's Democratic Republic to WTO as a least developed country.

51. ASEAN fully supported efforts to promote economic growth worldwide and to bolster attempts to achieve the Millennium Development Goals by the target date. The Association had taken a regional approach to achieving the Goals, placing strong emphasis on the social dimensions of development. It was now working towards an MDG-Plus concept, whereby the Goals would become merely the minimum standard for human development. In addition, the ASEAN Regional Centre of Excellence on MDGs recently established in Bangkok sought the full involvement of all stakeholders. Many ASEAN members were commodity exporters and, since extracting the greatest benefit from the high prices of commodities was critical for achieving the Goals, ASEAN believed that the Second Committee should focus on that issue, particularly on market access.

52. Lastly, in November 2007, the ASEAN Charter had been signed, transforming ASEAN from a loosely governed association to one with a legal personality and adherence to a rules-based approach.

53. **Mr. Owuor** (Kenya), speaking on behalf of the Group of African States, said that the ability of African countries to achieve their Millennium Development Goals by 2015 and to implement the New Partnership for Africa's Development (NEPAD) agenda depended on a healthy global socio-economic environment. NEPAD had established the African Peer Review Mechanism with a view to promoting transparency and accountability in governance and Africa had made considerable progress in that regard. However, there was concern that recent reforms would be jeopardized by an imminent global economic recession, exacerbated by the impact of climate change, unpredictable capital inflows and inefficient infrastructure.

54. Nevertheless, the African Group was encouraged by the international community's commitment to continue addressing Africa's development needs and commended the United Nations for providing the necessary leadership, as illustrated by the recent High-level Meeting on Africa's Development Needs and the 2008 High-level Event on the Millennium Development Goals. The successful completion of the Doha Round of trade negotiations would undoubtedly improve Africa's trade prospects if the developed countries agreed to reduce agricultural subsidies and to expand market access for the region's exports. Africa's development partners should also provide adequate resources to improve the infrastructure base, including the roads, railways, ports and power systems that connected its markets to the rest of the world.

55. Inconsistencies in aid delivery to Africa needed to be addressed, since even modest growth in developing countries helped guarantee global peace, stability and prosperity. The African Group urged development partners to consider full implementation

of the Secretary-General's proposal that external financing for development in Africa should reach $72 billion a year in order to help achieve the MDGs. Africa's total official debt had been greatly reduced because 19 African countries had received debt relief from their creditors; unfortunately, at the same time, Africa's private debt had increased. The African Group therefore called for the extension of a comprehensive debt relief facility to the heavily indebted and low-income African countries that were not benefiting from the HIPC Initiative and MDRI.

56. Africa's economy was mainly commodity-based. The resumption of the Doha Round negotiations should examine how volatile commodity prices, combined with climate change, high energy costs and the increasing use of agricultural products as sources of renewable energy multiplied the challenges to development. Moreover, the results of the deteriorating global economic environment called for a more inclusive governance mechanism for the international financial system that allowed adequate African participation in decision-making. Lastly, Africa remained confident in the Monterrey Consensus and urged stakeholders to address all the macroeconomic issues in a balanced and comprehensive manner at the Doha Review Conference.

57. **Ms. Jahan** (Bangladesh), speaking on behalf of the least developed countries, said that the world's leading economies needed to adopt comprehensive actions to address the current financial crisis, which could reverse the development achievements of developing countries, address risk management and regulatory weaknesses in their financial sectors, and implement the policy recommendations of the Financial Stability Forum.

58. Developing countries continued to make net capital transfers to developed countries, contributing to a global imbalance that should be addressed urgently. In addition, surveillance activities of the International Monetary Fund (IMF) needed to be strengthened to prevent the macroeconomic and financial policies of the larger economies from affecting other countries; also, surveillance over systemically important countries that issued major reserve currencies should be more rigorous.

59. The Bretton Woods institutions were currently running a deficit, which jeopardized their ability to play a credible role in the international financial system. They should ensure easy access to their resources without any conditionalities, particularly for the least developed countries. In addition, a fundamental reform of their voting system and accountability structure was required with the overarching objective of achieving a significant redistribution of voting power that favoured all developing countries, particularly the least developed countries.

60. Despite numerous initiatives, the external debt and debt-servicing obligations of developing countries continued to grow, and the accumulated debt burden had hindered development in many cases. While MDRI and the HIPC Initiative had benefited some developing countries, those programmes were insufficient and could be improved. All the outstanding debt of all the least developed countries should be written off immediately and future development assistance should be grant-based to avoid a recurrence of debt unsustainability. Moreover, debt relief had not been additional to ODA as promised in the Monterrey Consensus, and ODA was decreasing. The least developed countries had to borrow in foreign currencies and faced devaluation risks; exchange rate risks should be given more attention and a new mechanism developed for loans in domestic currencies.

61. Primary commodities constituted a large percentage of the gross domestic product (GDP) of developing countries and were significant for employment, income generation and Government revenue. Volatile commodity prices had a negative impact on macroeconomic stability and balance of payment sustainability, as well as on investment and production planning for both exporting and importing countries. It was crucial to address the factors that caused large commodity market fluctuations and to impose strict regulatory measures to help contain speculation on commodity markets.

62. Soaring food prices had had a devastating impact on developing countries, particularly the least developed countries. International organizations should provide rapid and favourable financial facilities to food-deficit countries, while market distortions were addressed. Trade barriers adversely affected commodity-exporting developing countries and all countries in a position to do so should provide immediate duty-free and quota-free market access for all products from the least developed countries, even before the conclusion of the Doha Round. Those

countries also required international support to develop their trade-related infrastructure, human capital and technological innovation.

63. **Mr. Heidt** (United States) said that there was understandable concern about the current economic slowdown, following six years of prolonged and unprecedented growth around the globe. The debate in the Committee would doubtlessly focus on how economic development might be affected. His delegation was committed to a constructive dialogue on the best way forward. The current situation in United States financial markets would not change that commitment.

64. The G-7 countries had pledged to work, collectively and individually, on measures to maintain the world's financial health. United States financial regulators were working, through the Financial Stability Forum, to deal with the regulatory, accounting and credit rating problems that had arisen in order to prevent their recurrence. The United States would continue to act decisively to restore stability and confidence to financial markets through existing channels. There were difficult times ahead, but the United States would make every effort to ensure that the impact on the global financial system was mitigated as much as possible. The multilateral system was also responding with urgency to the financial crisis and other development challenges. His delegation looked forward to working with other Member States to make progress on the development agenda.

65. **Ms. Bai** Yongjie (China) said that the current financial crisis, which had originated in a highly developed country, was spreading all over the world, sparing neither developed nor developing countries. It was clear that the existing international financial system had deep-rooted problems and required wholesale reform. Energy price fluctuations, the acute food security problem and growing inflation all added to the uncertainty. The international community should therefore work more closely together to expedite reforms to the system, which should reflect changing economic patterns. In particular, the representation of developing countries in the international financial institutions should be increased. Her delegation welcomed measures taken by the International Monetary Fund (IMF) to that end in the first half of 2008. IMF should maintain the momentum, gradually building up the long-term effectiveness of quota reform. It should also play a greater role in maintaining the stability of the international financial market, strengthening policy oversight on major reserve-currency countries and the international financial market, especially with regard to short-term capital flow, and providing early warning mechanisms. It should also push for greater coordination of international financial regulations.

66. Her delegation welcomed the fact that, in recent years, the World Bank had appointed candidates from developing countries to senior posts and devoted greater attention to climate change and food security. The Bank should build on that foundation and mobilize more development resources to help developing countries adapt to economic globalization.

67. External debt had long hindered the developing countries' economic and social development. An appropriate solution to the problem must be found if the Millennium Development Goals were to be attained, especially in the least developed countries. Such countries should be helped to extricate themselves once and for all from the vicious circle of debt: the developed countries should expand assistance and debt relief, so as to increase the net capital inflow to developing countries, while international and regional financial institutions should increase financial support and technical assistance, always adhering to the principle of non-politicization. Debt relief initiatives should respect the right of recipient countries to control how funds were used. The international community should also endeavour to mitigate the impact of the current financial turmoil on developing countries.

68. China itself had been active in providing debt relief, within the framework of South-South cooperation. Following two debt relief programmes in 2005 and 2006, the Prime Minister had recently announced that China would forgive interest-free loans outstanding at the end of 2008 owed to China by some of the least developed countries. China had taken an active part in the debt relief initiatives of international and regional organizations, including IMF, the African Development Bank, the West African Development Bank and the Caribbean Development Bank. Its assistance to other developing countries was provided on the basis of need, however, with a view to enhancing the development capacity of the countries concerned.

69. The commodities trade was critical to sustainable development. The international community should further assist the developing countries that were dependent on the export of commodities to diversify and increase added value. Although commodity prices had risen continuously since 2002, they remained volatile. The sharp rise in oil and food prices since 2007 also posed formidable challenges. The international community should recognize that such rises were not exclusively due to higher demand on the part of developing countries. To make any such presumption would not be conducive to resolving the problem. The international community should rather strive to reduce trade-distorting agricultural subsidies, push for the early resumption of the Doha Round and generally promote the establishment of a fair commodities system that avoided violent price fluctuations. Her delegation commended the outcome of UNCTAD XII with regard to commodities.

70. **Ms. Hart** (Australia), speaking on behalf of the delegations of Canada, Australia and New Zealand (CANZ), welcomed the fact that policymakers around the world were embarking on initiatives to deal with the current turmoil on the commodity markets and the global food crisis. It was also encouraging that national authorities were pursuing policies to stabilize domestic financial conditions. In particular, the CANZ, welcomed the comprehensive framework for action advanced by the High-Level Task Force on the Global Food Security Crisis and the action envisaged under the Accra Accord following UNCTAD XII. The General Assembly should monitor the activities concerned in order to ensure that they met their goals in the long and the short term.

71. Debt sustainability remained a crucial problem for many low-income countries and the CANZ delegations hoped that all stakeholders would cooperate in drawing the full benefit from existing schemes, including the Heavily Indebted Poor Countries (HIPC) Initiative, the Multilateral Debt Relief Initiative (MDRI) and the Evian approach. The CANZ group supported international efforts to make the international financial institutions more effective and accountable. Reform would also enable more voices to be heard within the financial institutions, including the Bretton Woods institutions. While supporting reform, however, the Committee should not duplicate or undermine successes achieved in other international forums.

72. **Ms. Osman** (Sudan) said that, since the current financial crisis had proved to be more profound and persistent than many had expected, global action was needed to safeguard the development of developing countries, lest the achievements of past years were reversed. Against that background, the external debt crisis acquired special significance. Any debt relief must maintain the development paradigm. Countries not covered by the HIPC Initiative continued to face an unsustainable burden of debt, which perpetuated a vicious circle of poverty and aid dependency, hindering the implementation of national development strategies and the attainment of the Millennium Development Goals.

73. The Sudan struggled with a set of complex and unique challenges. At the end of 2007, its total external debt had stood at US$ 31.9 billion, 56 per cent of which constituted contractual and penalty interest. The debt amounted to about 65 per cent of its GDP and 468 per cent of its exports. According to all indicators, the country's external debt was unsustainable, to the detriment of macroeconomic stability and growth, poverty eradication and social cohesion. It also obstructed the Government's efforts to meet the obligations of its peace agreements and undermined reconstruction, rehabilitation and development activities. The obligation to meet peace-related demands, which were likely to increase, given the pressing need to proceed with demobilization, limited the Government's room for manoeuvre on a number of economic and financial policies. The Sudan had been forced to rely on non-concessional facilities to finance important development and social programmes.

74. The situation would improve considerably if the international community recognized the Sudan's accomplishments and honoured its commitment to help the peace process. The Sudan had implemented a wide range of economic, social and political reforms, include trade liberalization, privatization and banking reforms. Inflation had been drastically reduced through sound budget management.

75. An external debt unit established within the Central Bank, and run jointly with the Ministry of Finance, was tasked with improving transparency and accountability and introducing a debt management strategy. Still, the country had received no debt relief, for political reasons, despite the fact that it had met all the technical requirements. More innovative mechanisms to deal with the external debt problems

facing post-conflict countries that embarked on reconstruction and development should be explored, in line with General Assembly resolution 62/186. Her delegation called on the international community to take urgent action, including full debt cancellation and access to concessional lending, to address the chronic debt problem of countries like hers that had met the criteria for debt relief.

76. **Ms. Blum** (Colombia) said that it was more than ever urgent to reform the international financial architecture, as urged for many years by the developing countries. The continuing decline of the global economy accentuated the need to promote policies on the oversight and regulation of the financial and banking systems.

77. The gravity of the situation made it imperative for countries to extend their commitments under the Monterrey Consensus. The Follow-up International Conference on Financing for Development should be the occasion to launch the action required. Proposals to reform the international financial system should focus on the needs of developing countries, while also minimizing uncertainty for debtors, creditors and investors. Confidence in the markets should be restored. At the same time, the international financial authorities should seek to introduce guidelines on market transparency. Good governance at every institutional level was vital. The developed countries should also refrain from imposing unnecessary restrictions on access by developing countries to credit and international trade as a result of the crisis.

78. The concomitant crisis — the increase in commodity prices, especially oil and food — should not be neglected. Multilateral institutions should analyse the impact of oil price rises, especially as they affected food production and transportation. In Colombia, where agricultural production constituted about 13 per cent of GDP, the Ministry of Agriculture and Rural Development had found that the price of oil and fertilizers constituted 30 to 40 per cent of the cost of agricultural production. The persistent instability of fuel prices should be urgently reviewed from a structural and long-term perspective. Stressing the importance of trade in commodities to developing countries, she called for a substantial reduction in the subsidies received by producers in developed countries, as well as a simpler tariff system and greater transparency towards producers in developing countries.

79. **Mr. Alimov** (Russian Federation) said that there could be no gainsaying the fact that the international financial system, in its current form, did not meet modern requirements. The severity of the current crisis made it essential to establish new regulatory mechanisms, although that would require political will and a responsible approach on the part of the international community. His delegation did not advocate the wholesale break-up of financial institutions that had been built up over decades; but reforms should be introduced in those areas where performance had been unsatisfactory. Above all, it should be possible to prevent the world economy, and individual countries' economies, from overheating. The system should be more flexible and better protected from risk. It should be more altruistic and, above all, fair to all States. In other words, it should be modernized. It should not be centred on any one country or currency but rather it should represent a balance of a number of leading economies and reserve currencies. At the World Policy Conference recently held in Evian, France, the President of the Russian Federation had proposed streamlining and systematizing national and international regulatory institutions; eliminating the imbalances between the quantity of financial instruments issued and the real returns on investment programmes; strengthening the risk management system; improving requirements on maximum transparency and full disclosure for companies and on stricter oversight for rating agencies and audit companies; and removing barriers to international trade and the free movement of capital.

80. The Russian Federation intended to make a practical contribution to the establishment of a more sustainable international financial system: it proposed to make the Russian rouble a regional reserve currency. Preparations were being made to establish an international financial centre in the Russian Federation, which involved modernizing the infrastructure, broadening the range of financial instruments, updating legislation and tax regimes and ensuring transparency. Russian markets had, like others, been affected by the current financial crisis. It was hoped, however, that the country could become a major financial hub of the region and eventually compete in global financial markets. An international financial centre would make a real contribution to greater economic integration between the Commonwealth of Independent States and other States.

81. It was particularly important to develop measures to prevent mounting debt in the developing countries, particularly those that were beneficiaries of the HIPC Initiative and MDRI. In that connection, his delegation supported the adoption of a code of conduct for responsible lending. The principles of the Joint World Bank/IMF Debt Sustainability Framework for Low-Income Countries should be observed. It was to be hoped that work would continue on updating the Framework in order to prevent external debt from mounting up again.

82. Over the past two years, the Russian Federation had taken practical action to resolve the debt problems of developing countries. It had written off some $10 billion-worth of African debt. In 2008, the country had signed a settlement agreement with Iraq cancelling $12.9 billion-worth of debt. It had participated in the cancellation of Liberia's debt to IMF, in the amount of 35.4 million Special Drawing Rights. It was also considering the possible cancellation of the debt of the poorest countries not meeting ODA criteria. The result would be a reduction of their debt by $750 million.

83. As one of the major players on the global commodities market, the Russian Federation actively advocated the establishment of stable and predictable markets. Through its membership in the Common Fund for Commodities, it supported the expansion of the export capacities of developing and least developed countries.

84. The current global food crisis underlined the importance of food commodities. At the Group of Eight Summit held in Hokkaido, Japan, the Russian Federation had proposed a special session on grain issues, to be held in Moscow in 2009 in cooperation with the International Grains Council. The session would aim to evaluate grain pricing policies and mechanisms and consider ways of stabilizing the situation. Consideration should be given to establishing an international grain fund and coordinating national agriculture development programmes so that humanitarian missions did not reduce the incentive for countries to produce their own food.

The meeting rose at 12.55 p.m.

United Nations A/C.2/63/SR.8

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Chairperson: Mr. Hoppe (Vice-Chairperson) ..... (Germany)

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08-54639 (E)

In the absence of Ms. Ogwu (Nigeria), Mr. Hoppe (Germany), Vice-Chairperson, took the Chair.

The meeting was called to order at 3.10 p.m.

Agenda item 47: Macroeconomic policy questions (*continued*)

(b) International financial system and development (*continued*) (A/63/96)

(c) External debt and development: towards a durable solution to the debt problems of developing countries (*continued*) (A/63/181)

(d) Commodities (*continued*) (A/63/267)

1. **Mr. Al-Hurabi** (Saudi Arabia) said that, as the world's biggest oil producer, his country's economy was the largest in the Middle East and played a major role in regional development. It was a leader in inter-Arab import and export trade, and ranked highest in the Arab world as regards foreign investment. Its development banks and development funds had done much to spur internal economic development, and it had recently established four new "economic cities" in addition to two industrial zones that had existed for decades, each of which focused on a particular aspect of its diversifying economy.

2. **Mr. Raja** (India) said that the ongoing financial crisis had made the most forceful case possible for multilateral governance of the international financial institutions. The Bretton Woods institutions needed to be reformed under United Nations oversight to give a greater voice to developing countries. The Development Cooperation Forum of the Economic and Social Council needed to address factors that compounded the flow of resources away from developing countries, such as the speculative and temporary nature of many private capital flows and the decline in official development assistance (ODA). It was also clear that debt relief was being improperly counted as part of ODA. The need for assistance should be considered separately from the ability to repay, and a distinction needed to be made between solvency and liquidity problems. Any new mechanisms such as an international debt commission, which he supported, should make provision for adequate participation by developing countries.

3. While the commodities boom had benefited some developing countries, lack of diversification continued to undermine commodity-based development efforts, and commodity prices seemed in any case poised for a decline. He supported the decision taken by the United Nations Conference on Trade and Development (UNCTAD) at its twelfth session, held in Accra, to strengthen its Commodities Branch.

4. **Mr. Hamzah** (Malaysia) observed that recent events had demonstrated the fragilities in even the most sophisticated financial markets, bringing to the forefront issues of financial intermediation, financial innovation and the related regulatory and surveillance systems. Equally importantly, the events had called into question the fundamental assumptions underpinning the global financial system.

5. The underlying causes of the catastrophe had been at least threefold: firstly, the combination of a misaligned incentive system, a favourable economic environment and heightened competition had generated excessive risk-taking by financial institutions; secondly, there had been significant gaps in the extent and manner of disclosures by financial institutions regarding their on- and off-balance sheet risk exposures, and consequently market discipline had not come into play as expected, while regulators, relying on that discipline, had not acted pre-emptively; and, thirdly, developments in the regulatory, accounting and macro-surveillance frameworks had neither anticipated nor provided for the complex interlinkages of the modern financial system.

6. What was to be done? Firstly, it was necessary to jettison the notions that regulations were inherently evil and that, left to themselves, financial markets would be self-correcting. That might ultimately be the case in the very long term, but the societal costs could well be too high and self-correction take too long. It was therefore necessary to find the optimum balance between a level of regulation that would prevent extreme volatility in the financial markets and therefore protect society from its effects, on the one hand, and would continue to promote innovation in the financial markets on the other. Secondly, regulators must be vigilant in enforcing rules and prudential standards. Since the full ramifications of some of the more exotic financial instruments were not yet fully understood, it would be right to err on the side of caution in setting capital adequacy standards. The third need was to get back to basics: the main purpose of financial markets was to allocate capital most efficiently to the most productive investments and

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activities, not to enable financial charlatans peddling false alchemy to get rich.

7. Finally, a mechanism must be found that would promote rapid multilateral responses to situations such as the present one. With global financial markets so closely interrelated, no country on its own could effectively stem the contagion. At the same time, recent events had demonstrated that capital too easily fed on its own fears. Both of those factors made for a rapid downward spiral, making quick, effective and coherent responses from governments vital.

8. The dramatic fall in share prices all over the world indicated that exchanges in the developing world had yet to decouple from those of the developed world. Further, it was inevitable that the drop in global consumption would affect exports from the developing world. But the effects of the financial meltdown would go beyond the stock markets and trade. Perhaps most worrying was the potential for a protectionist or isolationist drift, perhaps taking the form of introduction by the developed world of new barriers, such as green tariffs ostensibly to help address the climate change challenge. Alternatively, as sovereign wealth funds played a bigger role in global markets, there could be unfounded but growing fear that their activities would lead to foreign control over strategic assets. Finally, it was very possible that ODA levels would fall.

9. The developed world must recognize and rectify its mistakes and nurse the global economy back to health, including through the measures outlined earlier. It would also be necessary to give the emerging economies their rightful place in the international economic system, recognizing that there had been a fundamental change in the international economic structure. Currently, the governments of Asia and emerging oil exporters controlled $7 trillion of financial assets, which could rise to $15 trillion in 2013, but in the present situation the emerging economies were continuously being pressured to act without being given any inducement to do so. Finally, steps should be taken to ensure that the developing world as a whole, and not just the emerging economies, would be able to act as engines of growth in the event of a future downturn. That meant that ODA and related measures needed to be increased. Through no fault of the developing countries, the turbulence surrounding the international financial system had made it increasingly difficult for them to achieve their development goals. Consequently, the reform of the international economic structure needed to focus on the development aspirations of the world's poor.

10. **Mr. Benfreha** (Algeria) said that the current financial crisis might have multiple effects on markets as a whole and consequently on world growth. The extreme volatility of the financial markets which was the underlying factor in the knock-on crises affecting the markets for food products and energy products was having significant effects on the real economy. A joint effort was required from the entire international community, involving multilateral monitoring of macroeconomic policies in order to remedy global imbalances and to combat the speculative practices which lay behind the present turmoil in the markets. The current trend towards globalized markets did not favour the growth and sustainable development of the developing countries, but paradoxically contributed to the marginalization of a large portion of them by creating structural obstacles and was wiping out progress made towards achieving the internationally agreed development goals, including the Millennium Development Goals.

11. The global partnership for development remained a prerequisite for implementation of the development agenda so as to counter the risks arising from the structure of the international financial system. The system absolutely had to be reformed in order both to correct its structural shortcomings and to make allowance for the ever-growing role of the developing countries in the world economy, by giving them a corresponding share in the decision-making processes. Such a reform needed to create prudential, non-discriminatory and transparent rules for the system, and effective multilateral monitoring in order to shield vulnerable economies from cyclical financial crises.

12. Cooperation between the Bretton Woods institutions and the United Nations should move onto a higher plane in order to allow implementation of the commitments undertaken under the Monterrey Consensus. The Bretton Woods institutions, working in close cooperation with the United Nations, should establish systemic strategies capable of promoting development and protecting vulnerable economies from the impacts of international economic and financial instabilities.

13. The international financial system was the most effective means for promoting development and reducing poverty, through mobilization of the necessary external funding by facilitating international capital flows, consolidating ODA at the target level of 0.7 per cent of gross national income of the developed countries and implementing the external debt relief commitments already undertaken.

14. The increase in net transfers of financial resources from the developing to the developed countries remained a matter for concern. Made necessary by the architecture of the international financial system, those reserves served essentially to provide a cushion against transitory interruptions in the flow of development funding.

15. Despite the reduction in the external indebtedness of some of the developing countries, debt still weighed on the economies of a large number of them. Their heavy burden was due in part to the failure by their development partners to live up to all of the commitments they had previously undertaken.

16. **Mr. Asare** (Ghana) observed that poor countries, already dealing with rising food and fuel prices, were facing a triple hit as the financial troubles continue to spread. For countries like Ghana, the costs of the crisis could be devastating. A fall in exports from advanced economies would trigger a drop in investments, while deteriorating financing conditions, combined with monetary tightening, would trigger business failures and possibly banking emergencies in developing nations. The financial crisis would also take a turn for the worse if countries responded by erecting barriers to trade and turning to protectionism. It was illusory to suggest that African countries would not be hit very hard by the current crisis, because of their limited integration into global financial and capital markets. Any austerity measures taken by donors to cut assistance to poor countries would have a devastating impact on the provision of social services and efforts to eradicate poverty.

17. Africa was richly endowed with natural resources and environmental diversity, which presented a vast potential that could be harnessed for the continent's development. Over the past few years, many African countries had achieved modest but sustained economic growth, demonstrating that with the right combination of sound domestic policies and adequate external support Africa could overcome the scourges of poverty and disease to rival other regions in economic growth and prosperity. The international community had over the years recognized the need to engage African countries in efforts to address the plight of the continent, leading to the adoption of several plans and programmes of action. The continent had also, for good or bad, served as the testing ground for external policy prescriptions, some of which had not been helpful and had even perpetuated the continent's vulnerability to external shocks. Consequently, despite favourable developments such as the recent commodity price boom, prevailing conditions in the international environment continued to impinge on the continent's ability to derive the maximum benefits from exploitation of its natural resources. Indeed, the World Bank had estimated that as much as seven years of progress in achieving the hunger targets under the Millennium Development Goals could be wiped out by high food prices. Given that a large number of African countries depended on exports of primary commodities for a major portion of Government revenues to finance development, all countries had a shared interest in ensuring that commodity markets did not become a source of macroeconomic instability.

18. Thanks to the Heavily Indebted Poor Countries Initiative and the Multilateral Debt Relief Initiative, Africa had seen a reduction in the nominal value of its debt stock from $230 billion in 1998 to $194 billion in 2007. Debt relief had helped many of the beneficiary countries to increase their expenditure on social services such as education and health, but it would be wrong to assume that developing countries no longer had debt problems: there were still a number of low-income developing countries that had not yet benefited from any of the debt relief initiatives. The basic principles to be respected included: joint responsibility of creditors and debtors; development needs rather than financial needs as the main foundation for debt reduction and cancellation; responsible lending practices in extending new loans to countries emerging from debt crisis; transparency in national and international financial institutions; additionality of debt relief to ODA.

19. Since trade could generate gains surpassing any form of international economic cooperation, all countries, in particular the developed countries, must demonstrate the political will and flexibility for a successful Doha Round. Ghana joined others in stressing the need to ensure that the global trading

system would remain open to support the development efforts of all countries, particularly the developing countries. If trade talks continued to stagnate, causing countries to lose confidence in multilateral negotiations as a means to achieve a more equitable global trading system, negotiating momentum would shift to regional and bilateral trade deals, some of which would not be in the best interests of developing countries.

20. **Mr. Khan** (Pakistan) said that the Committee's deliberations assumed a special significance as the world faced a development emergency triggered by an unprecedented confluence of multiple crises of finance, food and fuel. Faced with those daunting challenges, the world economy was teetering on the brink of a severe global downturn, possibly a global recession. There was a global consensus that the situation demanded immediate and collective action in the form of a comprehensive strategy seeking to: stop the free fall of the financial markets; contain the contagion by helping to avoid potentially damaging effects on other countries, particularly the developing countries; overcome uncertainty and restore investor confidence; protect the growth and development achieved so far in the developing countries; and address the factors at the root of the current crisis.

21. There were several lessons that could be drawn from the unfolding crisis. Firstly, if political will and commitment were present, huge financial resources could be generated at very short notice to help those who needed them the most. Secondly, capital flows could not be left exclusively to market forces. Thirdly, there was a lack of transparency and a serious regulatory deficit in global financial markets. Fourthly, it was important to bring greater transparency to the work of the credit rating agencies. Fifthly, increased use of newly invented risk transfer instruments in globalized markets entailed serious shortcomings. Finally, investments from the developing world appeared to have played an important stabilizing role.

22. For most developing countries, any further deepening of the financial crisis might undo years of hard work and economic gains. Net food- and fuel-importing countries like Pakistan were still reeling from a growing trade deficit caused by high food and fuel prices and rising inflation. Pakistan therefore fully agreed with the recommendation in the Secretary-General's report that the international community should expand and strengthen instruments to support low-income countries facing sharp rises in food and energy prices. It was important that such stepped-up assistance should be additional to ODA.

23. A more inclusive, broad-based and strategic discussion was needed to develop a holistic and integrated approach to the current range of crises. Rather than relying on exclusive forums of the select few, it was time for the United Nations to take the lead in promoting a truly global and inclusive dialogue to find durable and development-friendly solutions to today's challenges. The Secretary-General and the President of the General Assembly might wish to consider launching a special initiative to that effect.

24. The welcome debt relief under the Heavily Indebted Poor Countries Initiative and Multilateral Debt Relief Initiative might have released resources for development-related expenditure in the developing countries, but such resources were completely inadequate in terms of helping them to achieve the internationally agreed development goals, including the Millennium Development Goals. Debt relief had been too slow and had not been additional as planned, and should be expanded to cover those countries that needed it and were not covered by either of the Initiatives. Debt sustainability must be linked to a country's capacity to achieve its national development goals.

25. Commodities were important for the development process of developing countries, in particular the most vulnerable among them, and must therefore top the international community's agenda. The recent turmoil in commodity markets had underlined the shared interest of all countries in ensuring that commodity markets did not become a source of global macroeconomic instability and social and political upheaval. It was also important to identify and agree on the best ways to strengthen the nexus of trade, food and energy security and industrialization, based on the lessons from experiences of countries that had succeeded in achieving growth from a commodity base. A related issue was the unfair nature of global agricultural trade, resulting from the North's continued high protection through subsidies and tariffs. The two issues would have to be addressed if countries were ever to achieve the internationally agreed development goals.

26. **Ms. Zemene** (Ethiopia) said that increased trade, financial flows, technology transfer and information exchange had created a more conducive environment

for the expansion of the world economy. However, substantial net transfers of financial resources from developing to developed countries, soaring food and fuel prices and the instability of the international financial system had now become issues of serious concern. Thus, despite the welcome efforts under way to improve the governance structure of international financial institutions, further urgent measures would be needed to help low-income countries cope with the impact of the deepening economic crisis. In that respect, it was particularly important to increase the involvement of major development partners, especially international financial institutions, and to ensure their support for the multilateral financial measures designed to address the unfolding crisis in low-income countries, such as the Rapid Access Line of the International Monetary Fund (IMF).

27. International trade with and foreign direct investment in least developed countries such as Ethiopia would undoubtedly be seriously affected by the global financial crisis. The depreciation in the value of the United States dollar was also expected to discourage exports, which were an important source of foreign currency earnings for developing and least developed countries. If allowed to continue, the current crisis would ultimately erode the confidence of investors to engage in the economies of those countries and much of the progress already made would be lost. Her delegation therefore attached considerable importance to the establishment by the multilateral financial institutions of a mechanism that could help developing countries to cope with the current international financial situation. The crisis had also made it increasingly important to put in place mechanisms to ensure that development partners fulfilled their solemn development commitments.

28. Ethiopia had clearly stated in its five-year development plan that external financing had an important role to play in filling the gaps that could not be covered by its own domestic resources. The alignment and predictability of ODA would therefore be critical and the recent decline in ODA was a cause for concern. Nevertheless, her delegation had high expectations that the outcome of the forthcoming Follow-up International Conference on Financing for Development would provide a solution to such problems.

29. Ethiopia had benefited from the debt relief provisions under the Heavily Indebted Poor Countries (HIPC) Initiative and was already eligible for debt relief under the Multilateral Debt Relief Initiative. While both initiatives had made it possible for the Government of Ethiopia to finance priority social and economic sectors, more resources should be made available so that it could carry out its national poverty alleviation programmes, particularly with a view to achieving the Millennium Development Goals.

30. The continuing surge in food and energy prices posed a significant threat to economic growth, employment, good governance and even peace and security. Her Government had therefore taken a number of measures to lessen the impact of the price surge on national household income, including subsidized local distribution of basic staple foods, removal of taxes on imported food and continuation of fuel subsidies.

31. **Mr. Al-Allaf** (Jordan) said that external debt, combined with rising food and energy prices, was becoming an unbearable burden for developing countries. It increased inflation and decreased competitiveness, while debt servicing was diverting funds from development projects. After the economic crisis of 1989, his country had embarked on a reform programme in cooperation with the international financial institutions that by 2004 had restored competitiveness and improved the investment climate. Its 2007 buyback agreement with the Paris Club had reduced its external indebtedness substantially. Nevertheless, as in all developing countries, the debt burden continued to consume resources that could otherwise be invested in reducing poverty and unemployment and achieving the Millennium Development Goals. Additional innovative sources of funding were needed to alleviate the negative impact of indebtedness on the societies, economic systems and security of developing countries.

32. **Mr. Sergeyev** (Ukraine) said that his delegation welcomed the steps taken by international financial institutions to address the new global challenges, including the financial crisis, and supported the UNCTAD policy aimed at strengthening regulation and increasing the transparency of financial instruments and institutions. Urgent measures should be taken to strengthen macroeconomic policy in order to prevent a global recession.

33. New initiatives were needed to mobilize more predictable and stable sources of financing. However,

it was also important to raise new issues relevant to financing for development both before and during the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus.

34. External debt was one of the main obstacles to sustainable development. Debt relief and debt cancellation helped to release resources that could then be directed towards attaining sustainable growth and development in priority areas. While his delegation welcomed the fact that developing countries and countries with economies in transition had made progress inasmuch as they held net debt assets of about $350 billion, lending rates remained too high in most such economies. The importance of avoiding the accumulation of new unsustainable debts should therefore also be recognized.

35. His delegation welcomed the governance reform at the Bretton Woods institutions, including efforts to give developing countries a stronger voice to ensure their effective participation in decision-making within the World Bank and IMF. Such reforms were essential to the continued effectiveness and credibility of those institutions.

36. The Government of Ukraine was taking all necessary measures to minimize the impact of the global financial crisis on its national economy and encouraged intensive cooperation within the United Nations on macroeconomic policy issues.

37. **Mr. Prasittirat** (Thailand) said that, in a globalized world, national efforts to tackle the food, fuel and financial crises would not succeed unless they were supported by a sound international economic environment. Ideally, international organizations would foster such an environment. However, the guidance provided by international institutions, particularly in the financial sector, had thus far proven to be inadequate. The international financial system clearly needed proper regulation to restrict the capital flows that destabilized financial markets and the Bretton Woods institutions should actively monitor financial irregularities and issue early warnings where necessary. However, the greatest challenge for each country was still how to maintain investor-friendly market conditions while minimizing exposure to short-term capital flight.

38. In the context of the global food crisis in the short term, his country would not impose restrictions on its food exports in the hope that such action would help to calm the fears that had led to soaring food prices. With regard to global food security in the long term, his delegation welcomed the establishment of the High-level Task Force on the Global Food Security Crisis and its comprehensive framework for action. Cooperation between the United Nations agencies and other relevant international organizations for the promotion of a "green revolution" could also make a significant contribution towards food security by increasing agricultural productivity.

39. His country was committed to improving energy security through the efficient development of alternative and renewable energy sources that did not affect agricultural output. For example, biofuels had been successfully produced in Thailand from crops that were surplus to domestic food consumption.

40. Speculation in commodity markets and market distortions in international trade had exacerbated the food crisis. A successful conclusion to the Doha Round would significantly reduce such distortions and allow developing countries to trade themselves out of poverty through better market access. His delegation therefore called on the members of the World Trade Organization (WTO) to show the necessary political will, flexibility and ambition in order to conclude the negotiations in a timely manner.

41. **Mr. Patriota** (Brazil) said that the international community must work together to avoid any further deterioration in the world economic outlook. The present crisis should be seen not only as a consequence of lax monetary policy, insufficient regulation and irresponsible finance, but also as an opportunity to carry out the deep changes required in the regulatory framework. It was imperative to put an end to the policies of unfettered deregulation.

42. The present crisis underscored the need for a durable and comprehensive solution to the persistent problem of external debt. While international initiatives, such as the Heavily Indebted Poor Countries (HIPC) Initiative and the Multilateral Debt Relief Initiative, had helped to reduce the debt burden of a number of developing countries, many such countries had not been able to sustain low levels of indebtedness. Brazil recognized the merit of the debt sustainability framework. However, that World Bank and IMF model should not be used to create undue difficulties for new entrants to the international credit

markets and the position of traditional lenders should not impede the provision of funds by new participants under balanced and equitable conditions. As international liquidity was constrained, there was a clear risk that developing countries might face difficulties in rescheduling their debt commitments. The international community must, therefore be particularly sensitive to the needs of developing countries, including middle-income countries. Every effort must be made to maintain the position of developing countries in the credit markets, otherwise the effects of the financial crisis also threatened to envelop them.

43. His delegation shared the concern that the recent increases in international commodity prices would lead to higher inflation and balance of payments imbalances, particularly in developing countries. Given the extent of the economic slowdown, it was also important to bear in mind the potential consequences for the export earnings of developing countries. In the light of such multiple challenges, the international community must guarantee its commitments to financing for development. The Follow-up International Conference on Financing for Development provided an important occasion not only to reaffirm the Monterrey Consensus, but also to adopt an enhanced mechanism to follow up on the implementation of the agreed commitments.

44. **Mr. Meñez** (Philippines) recalled that the current financial crisis had been predicted by Professor Nouriel Roubini, who had spoken before the Committee the previous year and whose prescriptions to avert a global economic depression had included more extensive guarantees of bank deposits and larger interest rate cuts. Given that some Governments were seriously considering adopting such practices, it might be useful to invite him to speak before the Committee again.

45. The recent panel discussion on "Challenges and emerging issues in external debt restructuring in the context of the current financial crisis" had provided the Committee with a glimpse of what it could expect from future negotiations on debt restructuring. All four speakers on the panel had noted that the current debt sustainability framework was not alleviating the overall debt burden of many developing countries or adequately addressing their future debt sustainability needs. There had also been a common call for the Follow-up International Conference on Financing for Development to consider the new reality brought about by the financial crisis and to gather political support for a more comprehensive approach both to debt issues and to the necessary adjustments to the entire international financial architecture.

46. The ongoing discussion of the draft outcome document on reviewing the implementation of the Monterrey Consensus urgently needed to address the impact that the financial crisis would have on the Monterrey Consensus. Indeed, the gravity of the situation should compel all Governments to seek immediate and long-term solutions at all possible levels.

47. In a globalized world, there was no way to escape the economic effects of a slowdown in the world economy, especially on trade. For that reason, regional forums such as the Association of Southeast Asian Nations (ASEAN) would need to consider coordinated responses as part of a wider approach.

48. **Mr. Lolo** (Nigeria) said that working class and poor people in developed and developing countries alike were suffering helplessly as a result of the current financial crisis, characterized by imbalances, double standards and lack of transparency in the management of the international finance system. Unfortunately the international community had still not grasped that message or done anything to change the situation.

49. There was therefore a need for sober reflection not only on governance, but also on the basic assumptions and attitudes to development issues. Developing countries were watching with keen interest to see how the Group of Seven (G-7) would respond to the financial crisis. With the necessary commitment and political will, resources could be mobilized in time to offset the worst effects of the crisis in the short term and effective regulatory measures could also be put in place with a view to providing long-term solutions.

50. Against that background, the continued trend of net outward transfers of financial resources from developing to developed countries should be reversed; the G-7 could and should do more to fulfil its ODA and other commitments; donors should take the opportunity to get back on track to meet their commitments to Africa, which in the long run could be the continent worst affected by the current financial crisis; and urgent measures should be taken to reform the current international financial system. In that connection, Nigeria supported all the conclusions in paragraphs 75 to 80 of the Secretary-General report on the

international financial system and development (A/63/96).

51. There was a strong case to be made for a rule-based, impartial, comprehensive and transparent debt restructuring mechanism. The current system, which was heavily biased in favour of creditor countries, needed to be fixed. It was also important to question some of the fundamental assumptions about debt sustainability and to respond appropriately.

52. Developing countries such as Nigeria needed to be able to scale-up their expenditures in critical development areas in pursuit of their development objectives. The General Assembly should therefore send a clear signal that some of the budget ceilings imposed by IMF seriously impeded development efforts in developing countries.

53. Risk sharing should underpin lending policies to protect borrowers from predator lenders and rating agencies should be held accountable for their ratings. In that context, Nigeria would welcome efforts to devise an equitable, transparent, predictable and flexible mechanism that could guarantee a speedy resolution to debt crises and also ensure fair burden-sharing between creditors, debtors and rating agencies. More should also be done to address the uncertainty, speculation and depreciation associated with commodities.

54. Finally, in order to meet the development challenges ahead, the international community must show understanding and flexibility in its discussion of the outcome document on reviewing the implementation of the Monterrey Consensus and, above all, make every effort to ensure the resumption of the Doha Round.

55. **Mr. Murakami** (Japan) said that his country's Government had taken a number of measures to counter the likely slowdown in the world economy, including coordinating actions with other central banks to provide dollar liquidity and supporting interest rate cuts taken by other major central banks. With a view to minimizing chain reactions in the global financial crisis, the Government of Japan had also recently proposed creating a scheme under IMF to offer emergency loans to countries experiencing extreme difficulty in dealing with the financial crisis. Under the scheme, foreign reserves would be utilized as necessary. Japan called on other countries to participate in the scheme.

56. **Mr. Briz Gutiérrez** (Guatemala) said that no country was immune to the financial crisis, the velocity and intensity of which confirmed the interdependency of a globalized economy and the need for a multilateral response.

57. The likely global recession, compounded by scarcity of capital, would make it more difficult than ever to achieve the Millennium Development Goals, particularly for the least developed countries. At the same time, the current crisis would necessarily lead to a review of the conceptual framework that had inspired some of the major developed economies, allowing them to operate obstacle-free. The Committee's discussions should focus on a more pragmatic approach — that of a market regulated in the interests of stability and more inclusive growth.

58. He hoped that the Committee's work would contribute to the successful conclusion of the Doha Development Round and, ultimately, to a more equitable, balanced, stable and development-oriented financial system. In that sense, the biennial topic of commodities could not be more relevant. The food and energy crises, the causes of which were complex and interconnected, had significantly impacted Guatemala's development and future prospects. The international community must come together in order to find an effective solution.

59. Failing to give priority to agricultural and rural development in the international development agenda had proved a mistake, in light of the current food crisis. In addition, subsidies continued to distort international markets. The international community must examine production sustainability criteria in terms of food and the environment, rather than just production incentives. He hoped that, in dealing with the financial crisis and its consequences, the developed countries would take fully into account its impact on the poorest countries and that a global response would incorporate development and poverty eradication.

60. **Mr. Alahraf** (Libyan Arab Jamahiriya) said that the global ramifications of the current financial crisis had demonstrated the need for greater participation by developing countries in the international financial institutions. Although commodities, especially given recent high prices, were a major source of funding for development, countries that were dependant on the export of a single commodity were uniquely vulnerable to trade shocks and financial crises. Such countries

were in particular need of assistance with diversification and access to markets, and he stressed the role of UNCTAD in that regard. He renewed his call to the developed countries to exhibit flexibility in the ongoing Doha Round and not to retreat into protectionism and bilateral initiatives designed to weaken the negotiating power of the developing countries. Africa's recent progress in building up its democratic institutions and economic framework, guided by the shared vision of the African Union and supported by the New Partnership for Africa's Development (NEPAD), was being jeopardized by the decline in ODA and he stressed the importance of implementing the call for increased assistance contained in the political declaration adopted on the occasion of the recent High-level Meeting on Africa's Development Needs.

61. **Mr. Mero** (United Republic of Tanzania) said that the current global crises affected all countries, with especially severe consequences for low-income countries like his own. Multilateral action was needed to deal with such challenges, lest the policy gains made over the past decade be undermined. The launch of the United Nations Second Decade for the Eradication of Poverty was timely in that regard and should focus on full employment.

62. Over the past few years, the United Republic of Tanzania had enjoyed strong economic growth while maintaining a cautious fiscal policy. As a result of global economic instability, however, inflation had risen sharply over the past nine months. To respond to that and other challenges, the Government intended to adopt a judicious economic policy mix and a supportive fiscal policy in the short term, by pursuing active monetary and fiscal policy aimed at combating inflation. With such policies in place, the outlook for 2008 to 2009 was uninterrupted economic growth drawing on robust export performance and continued dynamism in the construction industry.

63. His country continued to address the challenge of debt by meeting debt sustainability benchmarks, including debt repayment and adoption of effective borrowing policies. Prudent measures were being taken to reduce the country's budget dependence on external resources, including by financing the recurrent budget with domestic revenue.

64. Multilateralism was critical to achieving a universal, rules-based, open, non-discriminatory and equitable multilateral trading system that contributed to growth, sustainable development and generation of employment. The failure of the Doha Round was a great disappointment to least developed countries, which relied heavily on agriculture. He was deeply concerned by the lack of consensus and called for the parties in the Doha Round to act in a spirit of give-and-take and to refrain from protectionist measures.

65. The rising prices of commodities, especially food and agricultural products, as well as the lack of an inclusive, rules-based and fair mechanism to facilitate trade in agriculture, conflicting policy advice regarding agricultural sector reform, supply side constraints, and costly inputs, presented major challenges. He called on partners to address the root cause of the crises by committing to the Aid for Trade Initiative and to reconsider the terms of trade at the next round of WTO negotiations.

66. To facilitate the participation of the least developed countries in the global market, the pillars of international trade and development, international finance and debt and commodities must be reinforced simultaneously. In that connection, he looked forward to a successful outcome of the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus.

67. **Ms. Safaa Ahmed** (Iraq) said that her country had made great progress in addressing its indebtedness, inherited from the previous regime, through bilateral agreements with all the Paris Club members and numerous other countries, as well as, most recently, its February 2008 Stand-by Arrangement with IMF. However, Iraq was still in need of debt relief so that it could continue to devote resources to reducing inflation and unemployment, restoring basic services to both urban and rural areas, and investing in the agricultural sector. She expressed gratitude to the United Arab Emirates for cancelling the Iraqi debt it had held, and urged other countries to do the same.

68. **Mr. Mchumo** (Common Fund for Commodities) said that it was clearly impossible to address the major development challenges without taking into account the commodity sector. Commodities were vital for ensuring global food security and were also the economic mainstay of the vast majority of developing countries, especially least developed countries.

69. The current food crisis was merely a symptom of broader, more complex issues related to the commodity

sector. It was important to address the long-term underlying and structural conditions of the commodity sector in order to reach an effective solution to the crisis. The world was again entering a phase of decreasing commodity prices, which would have a serious impact on the economies of commodity-dependent developing countries.

70. Taking temporary mitigating measures designed to ease emerging pressures was not a lasting solution; in fact, such measures only exacerbated the long-term trend as the effects of structural factors re-emerged with even harsher consequences. It was necessary to agree on a global framework to address the commodity problem in a comprehensive, holistic manner and thus reach a sustainable solution. The Common Fund for Commodities, together with UNCTAD, the United Nations Development Programme, and the African, Caribbean and Pacific States, had jointly established the Global Initiative on Commodities to underline the importance of commodities in the development process.

71. The Global Initiative had identified four systemic issues that had a direct bearing on commodity producers' income and well-being, as well as on opportunities for economic growth and sustainable development of vulnerable economies: the supply capacity limitations under which commodity producers operated; lack of diversification of commodity producers' production and export base; effective participation in the value chain; and the need for an international enabling environment, including an equitable, predictable and rules-based international trade system.

72. The Global Initiative on Commodities could act as the mechanism to mobilize widespread support for a global commodity agenda for development, and ultimately to address the systemic issues of the commodity sector. More resources were also necessary; in that connection, he called on the international community to implement past General Assembly resolutions on strengthening the resource base of the Second Account to allow the Common Fund to finance more projects and to provide adequate assistance to commodity producers in poor countries, with a view to enhancing their participation in the international market.

The meeting rose at 5.40 p.m.